

Gendered organization, gendered incentives?

A qualitative study examining how women in private equity perceive incentive systems

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Abstract

This thesis examines the perceptions of incentives held by women in the male-dominated profession of private equity. It specifically explores gender differences related to incentives and investigates whether women perceive incentives to be structured in ways that disfavor the female gender. This study draws on nine in-depth interviews with female professionals across various private equity firms in Stockholm. By applying the theory of gendered organizations, this study demonstrates how women in private equity perceive the incentives to favor the male gender. We find that women perceive the gender disparities related to incentives as being a result of the male-dominated organization, which fosters biases and favoritism that disadvantages women. Although we find the norm is to be masculine and the ideal worker to be male, we also argue that there exists a process of self-selection that challenges the notion of gender and associated traits being binary. This thesis suggests that incentives that are gender-neutral on a surface-level, can become unequal and disadvantageous if executed in a male-dominated organization, where the minority gender (in this case, female) is disregarded.

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Keywords: Women in private equity, Incentive structures, Male-dominated industries, Gendered organizations

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1. Introduction

1.1. Problem background

In 2023, Claudia Goldin received the Nobel Prize in Economic Sciences “for having advanced our understanding of women’s labor market outcomes” (The Royal Swedish Academy of Sciences, 2023). This acknowledgment by the Swedish Riksbank highlights the importance of bringing awareness to and addressing gender inequalities in the workplace.

It was not all too long ago when women’s primary work centered around taking care of households and children. The traditional housewife role, in which women’s responsibilities centered around family, expanded during the 19th century and persisted well into the 20th century (Kranzberg & T. Hannan, 2023). However, women's role in the workforce has since changed to become active contributors to the labor markets, for example by pursuing occupations traditionally assigned to men (Kranzberg & T. Hannan, 2023). This development has raised challenges surrounding differences between men and women in working life, a topic that has received recent attention in the spotlight of the Nobel Prize winner of 2023, Claudia Goldin. In her work, Goldin puts forth factors driving gender differences, such as wage gaps, career choices, and family responsibilities. We aim to contribute to this field by bringing attention to potential disparities related to incentives, hoping to unravel possible fallacies and achievable opportunities for change.

One industry traditionally dominated by men is the financial industry, a sector in which gender diversity has become a pressing concern (McKinsey & Co., 2018). During the past decades, companies have seemed to put gender balance at the top of their priorities, with more than 90% of financial services firms surveyed by McKinsey & Co. (2018) asserting a commitment to gender diversity. Despite recent efforts, the financial industry remains significantly male-dominated, and females are often compensated less than their male peers (Roth, 2006). In addition, for the women who are hired into the financial workforce, the progress in advancing them in their career to obtain more senior roles has been operating at a slow-moving pace (Bair, 2016). Even in Sweden, the highest-ranked European country on the Gender Equality Index (European Institute of Gender Equality, 2022), the female gender is significantly underrepresented (The Swedish Securities Markets Association, 2023).

By narrowing down the scope, one can also conclude that the same gender disparity applies to the private equity sphere. Private equity distinguishes itself from other players in the global financial landscape by applying an active ownership model to drive value for its investors and has experienced significant growth and attraction from investors in recent years (Gompers et al., 2015; EY, 2023). However, only one-fifth of the workforce in private equity is female, the lowest share of women in the entire alternative assets industry (Preqin, 2023). Although recent years have brought some improvements in the share of females in junior positions, the share of females holding senior positions is only 13% (Preqin, 2023).

In recent years, significant attention has been brought to the considerable gender disparities within the financial industry, prompting recognition and understanding of the issue. This has spurred a growing, albeit relatively limited, body of literature that explores various aspects of this issue. One topic that has been discussed is the matter of incentive schemes. Studies show that incentive programs play a key role in motivating employees to increase their performance, and have positive impacts on persistence, motivation, and mental effort devoted to a task (Condly et al., 2008). Moreover, prior experiments have revealed gender differences in preferences for types of incentive schemes. Generally, men favor more competitive incentive programs, while women perform better in cooperative schemes (Gneezy et al., 2003; Khun and Villeval, 2013). When examining the gendered perspective through the lens of qualitative studies, a central discourse in the existing literature is that organizations operating in industries that are male-dominated commonly reflect male preferences through their organizational structures and processes (Anderson-Gough et al., 2005). This has the potential of creating inherent disadvantages for women active in the industry, impacting their success and well-being at said firms. Norms of masculinity thus influence communication, decision-making, and success criteria, which in turn impact the structure of the incentive structures and the processes that determine their allocation (Anderson-Gough et al., 2005). Biased performance evaluations pose a risk of unfair treatment and access to incentives for women. When favoritism towards men persists, it has the potential of perpetuating male success, which hinders women's opportunities for advancement and restricts their access to incentives in the long term (Jonnergård et al., 2010). Lastly, it has been observed that women in finance earn less than their male peers and are pushed or pulled out of financially rewarding career paths to a greater extent than males (Roth, 2006).

1.2. Purpose

The purpose of this study is to explore the impact of incentive structures on organizational gender balance, by specifically examining the perceptions of women operating within the male-dominated field of private equity. By doing so, we aim to shed light on the female perspective and reveal potential impacts of gender dynamics within the field. Thus, our research question seeks to uncover:

How do female professionals in private equity perceive incentive systems?

1.3. Contributions

Drawing upon Acker's (1990) theory of gendered organizations, we contribute to the existing literature by arguing that incentives in private equity are currently not shaped to take into account employees that do not fit into the ideal (worker), i.e., women. Additionally, we introduce a process of self-selection, where individuals choose to venture into career paths that suit their abilities and personality, and thus challenge the perception of gender and its related traits strictly conforming to a binary scale. In essence, for qualitative research, we dive deeper into incentives in a profession heavily colored by gendered norms, producing a more holistic overview of gender dynamics related to incentives. For quantitative research, we provide an understanding of why women have been seen to shy away from competition and instead prefer cooperative incentive schemes.

2. Theoretical background

In this section, prior research surrounding gender and incentive motivation will provide a theoretical foundation. We introduce a broader view of female experiences in the male-dominated profession of finance, to thereafter advance by setting forth prior research of gender differences in incentive motivation and response. Subsequently, to further analyze women's perception of incentive systems in private equity, this thesis relies on the theory of gendered organizations which will be presented in the final part of this section.

2.1. Understanding gendered career trajectories and incentives

2.1.1. Male-dominated professions' effect on women related to incentives and evaluations

As our research question examines the perceptions of incentives held by women in a male-dominated industry, prior studies such as Anderson-Gough et al. (2005) become relevant as an industry's structure and culture within an organization can either discourage

women from staying in the industry or impede their upward mobility within the company. In their study, Anderson-Gough et al. interview audit professionals employed at two UK auditing firms, and their empirics conclude that both informal and formal structures in the organization are founded on masculine norms and skewed towards males. Moreover, they contend that traits typically associated with masculinity (such as competitiveness and assertiveness) shape communication, management, decisions, and power dynamics. These attributes, whether explicitly outlined in formal requirements or subtly expressed in casual interactions, establish the bedrock of masculinity that pervades the organization (Anderson-Gough et al., 2005). Beyond these traits being considered imperative by and for employees to be successful in the business, typical male behavior and socialization norms are favored, putting women at a disadvantage (Anderson-Gough et al., 2005). Furthermore, the empirics highlight how homosociality¹ influences the processes of recruitment, mentoring, and performance evaluation. When an organization is dominated by men, such as a majority of those in the finance industry, the relationships men form with each other start to spill over to the organization as a whole. *“Male partners, senior managers, etc., will recruit, promote people with the same backgrounds and preferences as themselves, and hence reproduce organizational gender relations.”* (Anderson-Gough et al., 2005).

As evaluations function as key determinants of who accesses incentives and to what degree, taking the gender perspective of performance evaluations that Jonnergård et al. present into account was also deemed necessary. Extending on the findings presented by Anderson-Gough et al. (2005), Jonnergård et al. (2010) conducted a study on Swedish auditing firms to explore how the genders' different perceptions of performance evaluations function as gender barriers in professional organizations. The authors' survey targeting 'newcomers' finds that there exists a *“gender-biased evaluation in which male norms guide the criteria against which auditors are evaluated.”* (2010). The empirics illustrate that when answering questions regarding performance evaluation, men show a greater tendency to stress the criteria used for measurably evaluating their performance. In contrast, women seem to focus on how the performance is done and by whom. Therefore, the authors conclude that men's perception of the performance evaluation is more in line with those of higher hierarchical positions and thus positively relates to their success in the firm. On the contrary, women's perception is less in line, resulting in them becoming disfavoured. Men seem to be closer to the truth of what

¹ Same sex relationships of nonsexual nature.

they are evaluated on, which benefits them and their success in the organization (Jonnergård et al., 2010).

Related to evaluations, prior research has also discussed the use of subjective versus objective performance measures (Bol, 2008). In her paper summarizing previous literature surrounding the topic, Bol (2008) finds that subjectivity can be beneficial by being able to take a greater set of factors into account compared to objective measures. However, the author also highlights the empirical evidence pointing towards that there are costs to subjectivity in performance measures. Such downsides include supervisors taking their preferences into account and not always rating employees accurately as a consequence (Bol, 2008). It is also found that inaccuracies in subjective assessments may reduce the perceived fairness of the evaluation and subjectivity in compensation, which introduces uncertainty regarding the measurement criteria that are applied when determining performance: *“Objective performance assessment has the advantage of setting clear measurement criteria. This provides employees with a certain amount of ‘control’ as they know which actions/outcomes are expected to lead to increased compensation. When performance is assessed subjectively, it is often less clear how performance can be improved.”* (Bol, 2008). Although excluding the gendered perspective our research paper examines, the findings above presented by Bol are deemed important as the subjectivity in performance evaluations could lead to biased evaluations.

Connected to the above paragraphs, Bloomfield et al. (2021) further the discussion about gender differences by relying on previous research on stereotypes and categorization theory². When information is complex, humans simplify it by categorizing things into groups. Such cognitive shortcuts could, depending on stereotypes and whom one shares characteristics with, influence how individuals interact and perceive each other (Bloomfield et al., 2021). Evaluators take categorical shortcuts when they are performing complex evaluations (Bloomfield et al., 2021) and the complexity forces individuals to assess performance by choosing subjective criteria evaluations since objective measures are neither precise nor accessible (Bol, 2008). Bloomfield et al., (2021) find that the aforementioned complexity also sparks the process of categorizing, leading to individuals relying more on stereotypes. In their study, the authors present a scenario to investment professionals, manipulating whether or not

² The categorization theory states how humans possess a natural tendency to group things based on similarities and create mental frameworks based on such information.

a male or female analyst persists in pitching a stock after it has already been voted down. The result shows that not persisting makes the analyst seem unfit for promotion, however true only if the analyst is female. By examining how senior investment professionals evaluate analysts up for promotion, Bloomfield et al. (2021) show how male manners and approaches are perceived as the norm in the finance profession. In contrast, when a female analyst does not persevere in pitching the stock, her deference is seen as an unexpected behavior as it deviates from the stereotypical analyst, which is expected to be “*‘Agentic’: assertive, forceful and persistent.*” (Bloomfield et al., 2021). On the other hand, such deferring behavior is unsurprising for women, as it is expected of them to be “*‘Communal’: deferential, supportive and compassionate.*” (Bloomfield et al., 2021). Consequently, the evaluators recategorize her as being a stereotypical woman rather than a stereotypical analyst, and the empirics show how “*Women who fail to exhibit a stereotypical male behavior (persistence) in a male-dominated industry are penalized in promotion evaluation, but men are not.*” (Bloomfield et al., 2021).

Neck (2015) provides an understanding of why women leave senior roles in finance. The author’s article is based on interviews with senior women and demonstrates how a masculine work culture, created by men for men, is considered one of the main drivers of why women face difficulties in their career trajectories (Neck, 2015). The interviews illustrate that the environment is homogenous and masculine, in turn fostering a boys club mentality in which there exists a “*tendency of the ‘boys’ to surround themselves with ‘people like them’.*” (Neck, 2015). The author points out that the women are mostly concerned with the effects of being excluded from the club, rather than the reasons for why they are not included. Such effects include being perceived as an outsider, which consequently increases “*the risk of not being treated as ‘one of us’.*” (Neck, 2015). A key finding highlighted by Neck (2015) is that the motives to leave one’s job can be categorized into a combination of frustration, change, and choice. The author writes that the frustration stems from multiple factors, however, is generally not a sufficient element in itself to make women leave their jobs. Instead, it was when the frustration was combined with an element of change in the females’ lives, such as marriage or childbirth, that they quit. Moreover, Neck (2015) also found that combining frustration and change with the choice to move on, enabled by having secured another job or obtained financial stability, results in women leaving their positions.

2.1.2. Gender differences in incentive motivation and preferences

As our research is focused on the gendered perspective of incentives, the contributions from prior quantitative studies examining gender preferences in incentive motivation become relevant to consider. Gneezy et al. (2003) conducted a study with experiments examining gender differences in performances in tournaments with varying degrees of competition. The empirics show that an increase in the degree of competition increases the performance for men but not for women, resulting in a significant gender gap that otherwise does not exist during experiments with lower degrees of competition (Gneezy et al., 2003). Notably, however, in single-sex tournaments with competition, women tend to perform better than in noncompetitive states, implying that there are situations where competition increases the performances of women (Gneezy et al., 2003). The findings are supported by a later study in 2004 by Gneezy and Rustichini. In their study of school children, testing how boys' and girls' performances are affected by competition, Gneezy and Rustichini (2004) find that boys' performances improve when introduced to competition, whereas girls' do not. The authors argue that *"Girls who are as talented as boys will end up performing worse just because they are not as competitive, and will not achieve as high scores in examinations as boys."* Gneezy et al. (2003) and Gneezy and Rustichini (2004) support research arguing that competition is a poor incentive for women to perform better, although relatively good at incentivizing men.

In another experiment, Niederle and Vesterlund (2007) extend prior research by Gneezy et al. (2003) by examining self-selection. The authors find that women avoid competition whereas men favor it, despite their performance being the same. The participants solve a short and simple task that men and women are presumably equally good at performing, *"first under a noncompetitive piece rate and then a competitive tournament incentive scheme."* (Niederle and Vesterlund, 2007). As a result, the authors find that only 35% of women choose the competitive incentive scheme. In contrast, 75% of the male participants choose competition, something that the authors explain as being *"driven by men being more overconfident and by gender differences in preferences for performing in a competition."* (Niederle and Vesterlund, 2007). In a later demonstration of an experiment with a double-tournament scheme, Migheli (2015) presents findings similar to those put forward by Niederle and Vesterlund (2007). In Migheli's (2015) experiment, participants have to choose from a piece-rate payment or a performance price. The author's finding that men prefer the performance price and thus competition is in line with Niederle and Vesterlund (2007). However, unlike Niederle and

Vesterlund (2007), Migheli's (2015) experiment also points to what seems to be differences in performance, showing that women's performance is relatively the same regardless of the incentive scheme, whereas men seem more sensitive to monetary incentives. The author writes that *"monetary incentives to productivity induce men either to signal their ability better than women do, or to work harder than men who are not incentivised [or both]."* (Migheli, 2015). Furthermore, Migheli (2015) puts forward how women are less likely to negotiate with their employers since they are less likely to seek a competitive incentive system, which supports previous research by Niederle and Vesterlund (2007). Consequently, employers find less meaning in incentivizing (pay) women, as compared to men, since it is perceived it will not affect performance as much, if at all (Migheli, 2015).

Earlier research has also looked into what incentives women do prefer instead of what they shy away from. Kuhn and Villeval (2013) do this by broadening the perspective of the findings put forward by Gneezy et al. (2003) and Gneezy and Rustichini (2004). In their real effort study, the authors investigate if women are more attracted by a cooperative incentive scheme and how they fare in a workplace environment where such is applied (Kuhn and Villeval, 2013). The authors conduct an experiment where participants either choose to be compensated individually or as a team; thereby depending on their coworkers' performance. Kuhn and Villeval (2013) find that women are more attracted to a cooperative scheme, as they choose team-based pay more often than men. The authors point to the differences in overconfidence as a reason for this, similar to Niederle and Vesterlund (2007), and that men tend to be more pessimistic about their teammates compared to women.

2.1.3. Research gap

To the best of our understanding, existing literature lacks a thorough overview of how gender interacts with incentives, and vice versa. Moreover, applying a holistic approach to examine the gendered perspective of incentives is rarely the focal point of qualitative studies. Instead, existing literature touches upon specific incentives on a surface level, rather than analyzing incentives from the perspective of them being a part of a dynamic incentive scheme whose structure or execution could function as a barrier to gender-balanced organizations. Furthermore, quantitative research fails to provide an in-depth understanding of why women are averse to competitive incentive schemes and prefer cooperative structures. This thesis seeks to address these gaps by uncovering nuances of how females perceive incentive systems in private equity. We aim to do so by bringing together theories of gendered

organizations with the classical accounting concepts of incentives, investigating if the incentive systems are as gendered as the organizations within which they function.

2.2. Using the concept of gendered organizations to explain the gap

In line with previous qualitative research on similar topics, this thesis builds upon the work of Acker (1990) and the concept of gendered organizations. Acker's theory posits that gendered norms are embedded within the structures of organizations, ultimately impacting how jobs are defined, how employees are evaluated, and how power is distributed within the organization. The theory of gendered organizations implies that these norms create prerequisites that are advantageous to men, and disadvantageous to women, rationalizing both formal- and informal hierarchies at the firm. Formal hierarchies include formal titles, how power is distributed, and the gender composition of seniors, which altogether provide valuable information about the official distribution of power and decision-making. Those holding senior positions can reproduce these norms, which partly take place in job evaluations, where managers reproduce their values, imagery, and ultimately parts of the organizational structure. Furthermore, the theory of gendered organizations also highlights informal hierarchies (so-called "hidden hierarchies"), which are underlying gendered power dynamics built upon the gendered norms. The informal hierarchies refer to underlying factors such as social networks, unwritten rules, and which types of behaviors are rewarded, and which are not. Through the hidden hierarchies, formal and surface-level hierarchies at the firm can be undermined, creating structural barriers to women's access to power and seniority. Crucially, individuals in power who benefit from existing norms and hierarchies often ensure their continuous reinforcement by reproducing them, causing their further institutionalization. In contexts where senior positions are predominantly held by men, women thus face structural barriers in their advancement at a firm, since they have both formal and informal hierarchies working against their favor. Thus, an organization being gendered holds much explanatory power regarding income- and power inequalities between genders, and implications to why implementing change can face resistance. (Acker, 1990).

An organization's gendered nature manifests not only in formal structures and official documents but also through everyday practices, symbols, and behaviors. Altogether, the norms underlying and steering behavior in an organization are personified through the concept of the ideal worker. Acker (1990) presents this as a stereotype determining what behaviors are rewarded at a workplace. Acting per the ideal worker will yield rewards and

deviating will yield punishment. The individuals who by nature fit into the standard of the ideal worker get a competitive advantage, while those who do not are naturally disadvantaged. By working in environments shaped by and for men, men gain competitive advantages that are unavailable to women, leading to severe gender disparities. According to Acker (1990), men's advantage vis-à-vis women stems from a fundamental democratic idea that the "universal individual or citizen" is male and thus excludes women, as they lack the capabilities necessary to partake in society: *"the abstract worker is actually a man, and it is the man's body, its sexuality, minimal responsibility in procreation and conventional control of emotions that pervades work and organizational processes. Women's bodies [...] are suspect, stigmatized, and used as grounds for control and exclusion."* (Acker, 1990). Although women's rights as citizens in democratic states have evolved, women now face being constantly compared to the universal (ideal) individual, who is the embodiment of the male and masculine. Consequently, women are disadvantaged in being perceived as the ideal worker for male-dominated jobs (Acker, 1990). This yields a dynamic of reward versus punishment that is played out through job evaluations, which serve as tools used by management to guide decisions regarding promotions, bonuses, etc. The outcomes of job evaluations determine the employee's access to incentive structures. Although the formalized structures in an organization are gender-neutral on paper, they can have gendered subtexts leading to women facing disadvantages. This is prevalent in industries where the ideal worker is characterized by masculine traits and has limited obligations outside of work such as child- and homecare. The women have to act outside of what is considered traditionally female in order to align with the behaviors rewarded in the organization (Acker, 1990).

Acker (2012) elaborates on the gendered leadership and division of labor through the concept of "motherly work", causing further disparities for women in male-dominated workplaces. Females typically have a different leadership style than men, emphasizing achieving consensus rather than demonstrating authority (Collins and Singh, 2006). Although the woman might be performing leadership, but not in a masculine way that fits into the ideal worker, it is common that her work remains unnoticed, due to not fitting into the gendered assumptions of what it means to be a leader. The unpromoted work also extends to relational efforts. Fletcher (1999) dives deep into the topic in her work on disappearing acts, where she studies female design engineers and their behaviors and efforts in the workplace, compared to their male counterparts. Fletcher (1999) observes that women engage in more relational work than their male counterparts. However, this relational work is commonly taken for granted

and seen as a part of what it is to be a woman. *“They [the efforts] are likely to be seen as ‘mothering’ rather than leading, as selflessly giving [expecting nothing in return!] rather than modeling new leadership practices.”* (Fletcher, 1999). Altogether, this leaves multiple women’s efforts and contributions to the organization taken for granted and unrecognized in performance evaluations (Fletcher, 1999). Furthermore, it is not as simple as discontinuing these types of behaviors, as women are punished when not conforming to the expectation of femininity (Fletcher, 1999).

As of the above section, it is common that female acts are discounted and devalued, while male behaviors are seen as actual efforts and thus promotable. Bourdieu (1985) gives a possible explanation of why this happens in his paper, where it is established that social capital, a type of capital that is gained through relational and emotional work, shall ultimately be able to be transferred to economic capital. That is, having strong relationships and conducting relational work shall lead to positive economic consequences. In the context of a business environment, having strong stakeholder relations or good relations with seniors at the workplace shall pay off economically, for example in the form of receiving a bonus or a promotion. According to this, women should indeed be positively impacted by the amount of relational work conducted. However, in a study by Bandelj (2020), it is found that there is a gender inequality in the process of social capital transferring to economic capital, especially when it comes to women and relational work. Due to there being a gender inequality in the amount of relational work conducted and its lack of recognition, the equation by Bourdieu (1985) does not hold equally true for women. That is, conducting relational work that risks being left unseen or uncompensated has the potential of creating economic inequality between the genders since it is not equally recognized or rewarded. (Bandelj, 2020).

3. Methodology

3.1. Research design

The objective of this thesis is to explore how female professionals in the private equity sector perceive incentive programs. The topic is addressed with a qualitative research approach, using semi-structured interviews with nine experienced female professionals.

Perceptions are complex and multifaceted experiences, and thus, the research design is optimized for that purpose. Qualitative research provides the flexibility to explore

complexities prevalent when investigating perceptions and thus contains the potential to offer a more holistic and in-depth view of the female perceptions of incentive systems. Furthermore, the qualitative method enables the exploration of the social, cultural, and environmental contexts in which perceptions are formed. (Bryman, 2012).

The delimitation to the private equity sector serves a dual purpose. Firstly, the industry is predominantly male-dominated and women are significantly underrepresented, despite recent years' efforts to encourage greater female participation in the industry. This is particularly true in senior roles (Preqin, 2019; 2023). Secondly, this sector is known for its demanding work culture and the widespread use of incentive programs to motivate and compensate employees for their work. Therefore, our interest lies in examining women's perceptions of incentive systems within an industry that encapsulates both the challenges related to gender representation and the distinctive features of the private equity landscape. The females were of varying levels of seniority and had spent between 1 - 15 years in the corporate world. We placed high importance on having been active in the industry for at least one year in a full-time position, for them to have experienced a sufficient amount of exposure to incentive systems to have gained a perception about them.

The participants of our study all work in Stockholm. The geographical delimitation was partly motivated by practical reasons and the possibility of meeting the participants in a face-to-face setting, and partly to achieve the utmost comparability of our findings from the participants working within the same jurisdiction. A majority of the women work at different firms³, surfacing the drawback of not being exposed to the same incentive structures, however, this has the upside of being more representative of the industry in Stockholm.

3.2. Data collection

3.2.1. Semi-structured interviews

The data of this study has been collected through semi-structured interviews. The objective of the semi-structured interviews is to investigate the experiences and perceptions about incentive programs in a detailed manner. Consistent with Williams (2007), the aim is to achieve as high proximity to the lived experiences as possible. Asking open-ended questions offers the flexibility for the interviewees to freely articulate their responses. In turn, this yields the potential to explore the context and nuances of the perceptions of interest and

³ At two firms, we interviewed two female professionals each

uncover valuable insights to contribute to the identified research gap (Bryman, 2012). The pre-arranged set of questions provides consistency across interviews, while the opportunity to pose impromptu follow-up questions allows for context-specific adjustments in each interview. (Horton, Macve & Struyven, 2004). Furthermore, the interview setting of choice has the objective of capturing tone of voice, body language, facial expressions, etc., to get even closer to the lived experiences and their nuances. (Cassell, 2015).

3.2.2. Conducting interviews

When scheduling the interviews, the interviewee was given the option to meet at an office or nearby cafe. In one case, an interviewee became sick and their interview was thus held online. In the end, seven interviews were held at the offices of the participants, one at a cafe nearby, and one online. All interviews were held in Swedish as it is the native language of all study participants. Holding the interviews in their native language was based on the importance of them being comfortable in expressing themselves as naturally as possible, for us to capture the nuances and deeper meanings of their responses. The aspect of having casual conversations was something the authors of this study placed a large emphasis on, to assess the interviewees' perceptions and make them feel comfortable to share.

Both authors of this study were present at all interviews. With the consent of the interviewees, the interviews were recorded using digital software. With semi-structured interviews, recording is preferred over extensive note-taking, as it allows the interviewers to remain more engaged and attentive, facilitating the formulation of insightful follow-up questions to delve deeper into the interviewee's responses. (Cohen & Crabtree, 2008). One of the authors, however, took some notes during the interviews to have something to build upon when completing the content with that of the recordings.

All the interviews were held within a two-week interval. An interview guide was used which was iterated throughout the interviews (see appendix for the final result). The iteration process occurred between interviews. After each interview, the authors of this study took time to discuss the respondents' answers and how the questions could be tweaked or improved to further target the area of interest. Since the semi-structured interviews were highly contextual, spontaneous follow-ups often emerged which were so insightful that they were added to the interview guide. This continuous work was important especially since interviews were held in a shorter interval of time.

3.3. Data analysis

3.3.1. Analyzing and structuring the interview content

Within two days of the interviews, the authors of this study listened through the recordings and transcribed the content, complementing the notes taken during the interviews. This acted as a repetition of the data, which was an important part of the analysis process, as it allowed for picking up details in the respondents' answers that had been missed or overlooked during the interviews. (Bryman & Bell, 2015). Furthermore, repeating the information was useful for developing the theoretical framework, which occurred in parallel to the interviews being held.

After the supplementary transcriptions and joint discussions of the interview material, the content of the interviews was structured with a thematic approach; identifying different common themes and linking the responses together. This approach was based on Bryman and Bell (2015) and provided a structured framework for grouping the information into relevant themes. The themes were identified both individually and through discussions, and before proceeding, both authors of this study went through and agreed upon the major themes upon which to build the latter empirics. The themes were further processed when structuring empirical findings to ensure the interview content was presented coherently.

3.3.2. Adjustments

Since interviews were held in Swedish, quotes have been translated into English. The quotes have been approved by the study participants (Brinkmann and Kvale, 2014). The study participants have been given pseudonyms to remain anonymous and no record of their names or company has been saved, which they were informed of prior.

4. Empirical findings

4.1. Background and context

The empirical findings presented in this section represent the perspectives of 9 female private equity professionals across 7 different firms located in Stockholm. All study participants shared their perspectives on the private equity industry in general as well as gender balance and incentive structure within their respective firms. Notably, the interviewees' seniority extends from junior positions to partner level, and thus their perspective and time spent reflecting on incentives and their gendered implications may vary. As to be understood, these females have actively sought out to pursue a career in private equity, and are current

professionals working in the industry. Moreover, their varying degree of personal involvement in the issues discussed as well as possible reluctance to share information that they believe will negatively impact perceptions about their job, in turn, affects their given answers.

4.2. Masculine culture

All interviewees spoke positively about their workplace culture, highlighting that most colleagues are friendly, despite the sometimes challenging and stressful nature of the day-to-day operations. Even though there exist certain expectations to be able to deliver results autonomously, many noted that the workplace was quite collaborative. All women perceive the culture at their job as being significantly better compared to workplaces they have worked for in the past. During this comparison, many put forward that they experience their current workplace to have less of a “face-time culture”⁴: *“It is not like investment banking. I mean, there I could not even go home before my seniors had left for the night, even if I did not have anything else to do.”* (Nadja, 2023).

When asked if they considered the firm’s culture to mirror its gender ratio, a majority of the interviewees confirmed this correlation: *“It is way more of a boys-club culture and not as politically correct as my previous job.”* (Leia, 2023). Moreover, Leia also pointed out that there exists a “slap on the back aura” (2023), something she explains is typical for men and relates to an overconfidence that men have that is less prevalent in women. Masculinity was found most prominent in the way of communicating in informal as well as formal conversations. In regards to the women whose answers were less clear, most highlighted that they had not considered the potential correlation enough to provide a firm answer to whether such a statement applied to their firm or not. Notably, out of these women, some had a change of mind when answering: *“In most cases, it [the culture] does not [reflect the gender ratio]. I don’t think about it too much. Sometimes it becomes very apparent. For example, during lunch, there were two women and eight men, and the atmosphere became so boyish.”* (Minna, 2023). Minna noted how her perception of a gender-balanced culture is most likely distorted, stressing that, in a professional setting, she has only existed in male-dominated environments, something that stems back to her studies in higher education. Therefore, over time, the relatively high exposure to male-dominant settings and cultures has fostered an insensitivity

⁴ In a face-time culture, employees are expected to remain in the office even when they have no tasks to complete.

to the male jargon and shaped how she behaves in a professional setting. Nadja echoed, stating *“I wouldn’t say there is a dude-culture really, but more that there exists very typical men here... I mean, there exists a [male] jargon, but it is a fun jargon.”* (2023).

While there exists a prevailing perception among the interviewees that the culture leans towards the masculine, one interviewee believes that such culture is necessary for doing business in the private equity industry:

[In this area of business] women need to be more self-assertive - you cannot be shy and withdrawn. Honestly, you have to have these male traits, for business as well. So they are male traits, but they are also important qualities for the industry. (Emma, 2023).

It is perceived that attributes typically associated with masculinity are deemed not only more important but indeed essential for effective operation and success in this field, as opposed to attributes often associated with femininity. In her experience, individuals lacking traits like directness and resilience, which are typically considered masculine, may not fare as well in climbing the private equity career ladder: *“Male traits are rewarded.”* (Emma, 2023). The interviewees believe that male professionals hold an inherent advantage in areas such as relationship-building with colleagues and evaluators (discussed further in the following sections) as well as in being perceived as high performers: *“For men, these male traits, such as overconfidence and dominance come naturally. Women are aware that it’s male-dominated and force themselves to adopt such traits - women in private equity thus become unique [as they present a greater share of male-typical traits compared to women not working in private equity].”* (Mathilde, 2023).

4.3. Incentive structures in private equity: fixed pay, bonus, carry & promotion

A general belief held by the interviewees is that private equity offers generous compensation, both in the form of monetary as well as non-monetary incentives. In terms of non-monetary incentives, the interviewees mentioned annual skiing trips, generous food and refreshments at the office, lavish social events, and opportunities for learning and networking. Such types of incentives could provide support in building bridges across the genders: *“If you only sit at the office, the relationships are built where you feel safe - girls with girls and guys with guys. Having more events and trips forges the team and draws in women in informal conversations.”* (Mathilde, 2023).

As for monetary incentive structures, these varied across the various private equity firms, although most shared a set of commonalities. As made clear by the interviewees, employees receive a fixed monthly salary, which is the same for all at the same level. Then, they receive a yearly bonus. What is most unique for private equity is the carried interest, or what the interviewees referred to as the “carry”. Put simply, carried interest is a professional's portion of the fund’s return above a certain threshold. In general, such a portion differs depending on seniority, and in some firms, the “carry” is only made available for those above a certain position. Moreover, considering the long-term perspective, the carried interest contributes the greatest to an investment employee’s earnings over their career:

The carry is the most motivating out of the monetary incentives - it is where you can go big. (Leia, 2023).

The monthly salary provides a base safety, but what is most fun is the longer journey, the carry, since it's an entrepreneurial journey. Although it involves risk, there is also a greater possibility to, for example, create more freedom for myself and my family. (Maria, 2023).

Finally, it is worth noting that promotions hold significant weight as an incentive in private equity. One's position not only influences their immediate role and salary but also has far-reaching effects on their career trajectory, motivation, and overall compensation.

When asked about fixed compensation, all women made known that employees who share the same role or title receive identical salaries. This structure was approved by all interviewees, who stated that structuring the monthly salary in any other way would have negative consequences such as yielding uncertainty regarding if their payment differed from peers. When looking at differences in salary levels across the firms, most women would be uncomfortable if their salary was below industry standards. Amelie noted that she would be okay with a slight reduction in salary, although not much, if the culture and corporate values at her firm were significantly better than others.

Regarding bonuses, most firms followed a structure where the bonus was calculated as a multiple of the employee's monthly income, or as a percentage of their total annual salary. At one firm, the bonus was structured as above, however was also binary, meaning that either everyone at the firm received bonuses that year, or no one did. According to Amelie, this

creates a democratized incentive system that fosters knowledge sharing and a low degree of internal competition, something she approves of and believes is beneficial for the firm. A couple of interviewees shared that their bonus was a percentage range (i.e., could range from 50% to 150% of their total yearly salary), and depended on if they were a high- or low performer. One workplace had intentionally decided to exclude bonuses from their incentive scheme, and instead, employees received a higher monthly salary and the opportunity to access the carried interest from the start, with some limitations depending on seniority as well as the individual employee's financial ability to acquire shares in the fund.

I think bonuses are driven by internal politics, and promote a Face-time culture. [...] In private equity, the bonus is based on your perceived performance, and based on subjective evaluations, so it is only beneficial for those that have friends at the right places. [...] Other funds often apply a deal-by-deal carry, meaning that those who work on successful deals are rewarded for it. I find this grossly unfair because junior members have little-to-no ownership over what deals they are staffed on. Secondly, it does not create much incentive for employees to help each other, since another one's gain is your loss. (Nadja, 2023).

A couple of times, interviewees highlighted what they called, directly or indirectly, “*the performance pot*” (Maria, 2023). This was described as an additional characteristic to the bonus that is solely dedicated to those considered high-performing employees, who thus receive additional compensation to their predetermined base level of bonus and/or carried interest for their role. The women explained that the reasoning behind why some firms employ this performance-based extra compensation lie in those firms' beliefs that this partly has a motivating effect on the employees, as they ought to be incentivized to perform better, and partly that it is considered fair for those who are performing superior compared to their peers. The interviewees express a critical view of this performance-based compensation, deeming it highly problematic. They argue that it fosters an egocentric approach to work, acting as a deterrent for colleagues to share knowledge and success strategies. This dynamic has the potential to impact the performance of specific portfolio companies adversely compared to others, resulting in diminished returns for the firm at large in the long run:

“By structuring incentives so employees can get 1% higher pay than their peers, employers create a highly individualized way of working which is neither good for the returns of the firm nor the individual, especially if they are female.” (Maria, 2023). She also states how the

performance pot is usually arbitrary, something other interviewees agree with, which disadvantages women since they obtain a minority status in private equity: *“Either the extra compensation is assigned to the one who has done the most. Or, it is appointed to those who informally contribute the most, for example over the coffee table, which for men becomes other men.”* (Emma, 2023).

Furthermore, the interviewees mentioned that female professionals could perceive incentives structured around competition to be more unfair compared to men: *“There is a fear of competition in this profession among women, because what if the male partners only drag the male juniors along the new and promising projects. Put frankly, men have these underlying biases to give advantages to those similar to themselves, so a lot of women feel screwed.”* (Leia, 2023).

When discussing career advancements, the interviewees agreed that promotions are the result of feedback cycles and evaluations made by more senior staff at the company. Commonly, the firms have established career frameworks that outline the expected duration individuals should spend at each seniority level before becoming eligible for promotion. As an illustration, Nadja described her firm's implementation of a *“promotion roadmap”* (2023), which outlined the expected duration at each hierarchical level and the essential expertise associated with each role. As for the latter, she stated how the perception of one's expertise can include subjectivity. Other interviewees emphasized the value of such explicit guidelines, whether they are informally communicated or formally documented. These guidelines serve as a compass for employees to gauge whether their career progression aligns with the company's established hierarchy, empowering them to make informed decisions about their future: *“Promotions typically occur after two to three years - if it doesn't happen, you shouldn't stay working here.”* (Emma, 2023).

As problematized by a majority of the interviewees, the criteria and key performance indicators leading to promotions tend to be subjective (leaving room for personal interpretations) and in some firms, the career frameworks completely lack formal and communicated metrics defining when or why one should receive a promotion. The lack of transparency is perceived by interviewees to turn promotions into an open target for biased evaluations, as it results in dysfunctional performance evaluations that do not favor women: *“They [performance evaluations] are more bias-prone than bias-proof.”* (Minna, 2023).

Minna reported having witnessed frustration among female peers from not being promoted as quickly as her male counterparts, which in many cases became a reason for leaving the firm and seeking opportunities elsewhere. The slower rate of promotions for female professionals was also brought up by other interviewees: *“Have you read the McKinsey report about females in private equity? It states that women are on average 7 years behind male peers in their career.”* (Elodie, 2023).

Financial incentives mattered for all of the women when considering private equity as a career, as they sought fair remuneration for their diligent efforts and long working hours. Notably, some interviewees found the monetary part of the incentives especially motivating: *“Few professions would give me a bump in salary after having worked at my previous job, and private equity was the most attractive.”* (Leia, 2023). Nevertheless, it is also important to note that when asked about what motivated them to seek a career in private equity, money was not the sole driving factor. The primary motivation for the interviewees was the motivating aspect of personal and professional development, seeking a continuous path of growth and relishing the challenges the field presented. This long-term focus was a key departure from their previous roles, which had become less stimulating in these aspects. They were drawn to private equity as a platform for fresh opportunities and personal fulfillment, not solely climbing the traditional corporate ladder to earn more money:

I saw that PE could give me a larger sensation of growth. It felt like entering a whole new career ladder where the potential highs were higher, and the risk of stagnation was lower. In contrast, entering a C-suite role at a mid-to-large industrial company, which is a common exit option from consulting, would put me on a flatter growth trajectory. (Nadja, 2023).

4.4. Unclear evaluations and biased allocation of incentives

When asked about how the evaluations are structured, the interviewees highlighted several fallacies in which evaluations were mentioned to be unclear, subjective, and based on certain traits that put women at a natural disadvantage.

It was made clear by the women that the transparency surrounding evaluations was considered low, making career trajectories more complicated in multiple ways. Uncertainty regarding what exact goals employees are working towards makes managing time and prioritizing accordingly, more difficult. Mathilde believed this affects women more than men,

as women tend to have a harder time refusing additional work tasks, leading to them spending more time on activities less related to promotions without reflecting on it (further discussed in another section below). The interviewees put forth how unclear metrics increase the difficulty of self-advocating: *“I would prefer knowing [how the bonus is determined] since I would be able to argue more easily whether or not I have performed well.”* (Elodie, 2023).

A majority of the women also pointed out that the low transparency impacts the perceived fairness of promotions. As employees experience having little insight, it becomes harder to perceive whether or not a certain decision is justifiable or not. When coupled with the prevailing belief among women that there are biases against them in the profession, the interviewees consider the evaluations to be partial and unjust: *“Currently, I don’t believe it is fair. The way it is structured leaves room for personal biases, in which rating highly greatly depends on being liked by the evaluator.”* (Minna, 2023).

Some women also shared that there was little to no clarity in what constituted a high versus low performer in evaluations, and no transparency regarding what bonus amount other employees at the firm were given. It was made clear that men often have an advantage in this aspect due to their longstanding presence in the private equity workforce and consequent access to informal networks (discussed in more detail in subsequent sections). Notably, Mathilde mentioned that her close relationships with male colleagues provided her with some insights that she could leverage during performance reviews. These insights encompassed what evaluators typically seek in a top performer and benchmarks for bonus levels among her male peers. In addition, having a more transparent evaluation process and metrics could also increase employee motivation.

Clear and concrete feedback combined with an improved evaluation in which key criteria are defined would force the seniors to become unbiased and impartial. [...] Enhancing transparency in evaluations would boost employee motivation by providing clearer performance targets. I’d feel more satisfied if I understood the reasoning behind a lower bonus in a certain year. (Mathilde, 2023).

When asked about wanting to be evaluated individually or on a collective basis, the women’s answers differed slightly, yet all were colored with a perception of the evaluations currently being unfair and biased:

On paper, it is more fair to be evaluated on an individual basis. However, if it is not quantifiable, you have no clue what to work against to improve, and then it just becomes a game of who seniors like the most. (Emma, 2023).

Having a bonus based on individual performance on a junior level makes no sense. Junior employees have no control over staffing or deal-making. Even though I would find it motivating to know that one extra hour of work yields greater compensation, the cons of that structure weigh more than the pros. The collaboration environment is so important in this profession, for juniors especially, and by being evaluated as a team, people start working as one. (Leia, 2023).

4.5. The value of social connections

The interviewees were unanimously convinced that in the realm of private equity, possessing strong social connections and networks is not just advantageous, but essential for achieving success. Moreover, a majority emphasized that their male colleagues had an easier time forging and maintaining meaningful professional relationships with people who can open doors to opportunities, provide valuable insights, and facilitate the exchange of critical information. This shared conviction underscores the significance the interviewees attribute to social capital as a crucial asset within the private equity industry, and how female underrepresentation functions as a barrier.

All women emphasized the importance of having a senior, informal sponsor at one's firm. This sponsor contributes to one's career development and promotion both directly through providing sponsorship during the process and also indirectly through tasks such as self-advocating in feedback cycles, staffing on important projects, and giving access to information. According to the interviewees, the lack of senior females thus poses a structural obstacle for female junior employees hoping to obtain the same opportunities for an informal sponsorship from a senior colleague as their male peers. Some interviewees highlighted in particular how a special mentorship for women could foster awareness of female inclusion, albeit problematized how male peers may find it unjust:

It is rarely the senior men who are against making it better for the women [...]. It is the junior men who feel that it would be unfair that the women would 'have it better' - for example by having an extra mentor. (Minna, 2023).

We have a network for women, where both women and men can act as mentors. It is great since you create an awareness that people must be inclusionary for women. [...] There are junior friends who find this unfair, but I don't think it is comparable - all young professionals should have a mentor but as a woman in a male-dominated business, you should have an additional one for that purpose. Minorities should be granted support regardless of what type of minority they are, and others should understand that despite it feeling unfair, it is for the greater purpose. (Mathilde, 2023).

All women were unanimous in the perception that, as a matter of natural inclination, men tend to feel more at ease communicating with other men, just as women naturally gravitate toward other women. In private equity, where the male share of the total workforce constitutes a majority, this dynamic disadvantages women:

It is like the chicken and the egg. The lack of senior women prevents junior females from climbing the ranks. Which in turn means that there are no senior women, who can sponsor the junior females. Thus, the cycle continues. (Leia, 2023).

Senior men see a mini-me in a junior male employee and promote them. (Elodie, 2023)

Women have fewer informal mentors, which could partly be due to men finding it more difficult to bond with female employees. (Minna, 2023).

In addition to women lacking social capital within the profession, some interviewees believe the underrepresentation of women in private equity results in a scarcity of role models for aspiring private equity female professionals, as they may struggle to envision themselves succeeding in a field where they see few sharing their gender. As such, it creates an even greater negative cycle where fewer women pursue working in private equity since there exists a shortage of women in the profession. And for the few women who currently work in private equity, there exists a severe lack of senior females to look up to.

According to the interviewees, having an informal sponsor extends beyond the direct case of advocating for the employee's promotion. It also involves providing support in building a compelling case for showcasing one's contributions and performance. Moreover, as pointed out by the interviewees, informal sponsors can staff juniors on important and value-creative projects, thus fulfilling a prerequisite for promotions. This occurrence was considered problematic by some interviewees, as a general belief held by them was that senior staff are

more prone to handing superior opportunities to junior men, an often subconscious act related to their own biases. For instance, Elodie had encountered a situation where she had been handed a less favorable portfolio company to manage compared to her male counterpart. This affected her ability to source new deals and make a significant impact (as she had to work intensively on one company), which were two metrics considered during her evaluation for both her bonus as well as a potential promotion:

“I was assigned a more challenging assignment than my male counterpart: a portfolio company with known difficulties. Managing the company became so demanding that I was instructed to focus exclusively on it. During my feedback session, I was shocked when they highlighted ‘sourcing and participation in new deals’ as an area for me to improve in. They seemed to expect the same level of commitment from me in this area as from him, even though I had been unable to do so as a result of their decision.” (Elodie, 2023). Other interviewees had encountered similar situations where junior female professionals were given worse opportunities than their male peers, which coupled with the fact that women have higher expectations of them, led to them being disadvantaged during performance reviews.

It is not only sponsoring the women reported lesser access to, they unanimously also reported that women have less access to information. Multiple women in the study reported the experience of hearing men having conversations that ultimately lead to a competitive advantage, from a broader understanding of *“the rules of the game”* (Minna, 2023). The perception was that the informality of these conversations left many women unaware of their existence and thus their non-participation. According to the interviewees, consequently, women risk missing out on critical information exchanged informally among male colleagues who frequently engage in informal conversations on work-related topics, ultimately influencing job evaluations and, subsequently, promotions and bonuses. Notably, the interviewees reported no experience of a deliberate exclusion of women or a calculated effort to withhold this information when women were present. However, it was rather perceived that these topics simply didn't come up as naturally in conversations with women:

It is frustrating knowing that these informal conversations are held and that your exclusion from them boils down to your gender. Women have it more difficult to understand the rules of the game. [...] I often perceive my male colleagues knowing more of what senior partners look for in promotions, and I fear that I will fall behind because of that. (Minna, 2023).

As put forward by the interviewees, women need to put effort into engaging in informal situations, as they are naturally excluded from them due to their gender, while men seem to naturally partake in such contexts, ultimately benefiting their success in the workplace:

Junior guys gossip about bonuses and what is discussed during evaluations. I've noticed that I have more male friends [compared to other women], but I have noticed the exclusion of my female colleagues from these discussions, with only about 2-3 women in my team participating. (Mathilde, 2023).

The women also point towards the fact that the corporate ladder in private equity inherently disfavors women by heavily promoting men, and has been doing so since the inception of the profession. As resources encouraging female career trajectories are limited and often very unclear, female professionals lack the social capital needed to advance in their careers:

There exists an inertia in that women turn to women and men turn to men. Women are not in PE because they don't have access to connections. [...] In senior positions, informal contacts and a broad network is key, and at this, men just have it so much easier. (Leia, 2023).
As you aim for higher positions, it's interesting how male colleague support seems to weigh more heavily than skills. (Maria, 2023).

4.6. Unseen and unpromoted work

Another section of the interviews targeted the occurrence of unrecognized female labor, often undervalued in male-centric sectors. A majority of the women reported that they, with varying degrees of willingness, spend more time on tasks such as recruitment, mentoring new joiners, and helping to organize and host events, as compared to their male peers. When trying to understand the recognition of these tasks from more senior employees, they were asked about whether or not these aspects were brought up in performance and job evaluations. In some cases, the interviewees mentioned how contributing to a positive office environment could be brought up as something positive during evaluations. However, they also believed it to be a less promotable act compared to others, and the typical unseen work tasks are not as rewarding per hour worked. A general belief was that a man is much more likely to evaluate those aspects when choosing what to spend time on and much more likely to not partake in activities that are not directly feeding into them being promoted or evaluated

more positively. The findings put forward by the women reveal that many tasks often executed by women go unnoticed or are unappreciated, aligning with the phenomena called silent work:

Silent work is the largest female trap because such efforts are never mentioned during performance reviews. [...] McKinsey has coined this term called 'insecure overachiever', which I think applies to a lot of women. Women go the extra mile to prove themselves, thus taking on extra work, whereas men naturally are confident. (Mathilde, 2023).

I work more with recruitment [compared to male colleagues]. I don't know if it is rewarded or not. [...] There exists a dynamic where women take greater responsibility for such tasks and the hours spent on them vs on a deal is not awarded equally. (Amelie, 2023).

The interviewees also perceived that they spend more time on relational and emotional work, compared to their male counterparts. Taking active participation in the lives and well-being of colleagues, for example by asking how someone is feeling, remembering personal details, and going the extra mile to make someone feel included, was highlighted as important for many of the women, and something that fell naturally for many:

I am typically female in taking on both relational but also emotional labor at work, and I think many women here are too. Around the lunch table, women are the ones who engage themselves in making a newcomer feel included, or switching to speaking English when someone sits down who doesn't understand Swedish. (Klara, 2023).

The fact that female participation in relational work is taken for granted was problematized by several of the interviewees, pointing towards that societal expectations and norms traditionally assign women greater responsibility for maintaining relationships and the wellbeing of the community. They argue that men are more easily excused for not taking such relational responsibility, whereas women would be punished for diverting from their typical motherly role, either directly or indirectly. It would simply be seen as abnormal, deviant behavior by the group:

Looking at the average input people do relationally, there are some guys who deviate greatly in a negative sense. It is more acceptable for them to diverge from the norm. You recruit women and expect them to fill in the social norms for a girl, such as being more soft. A guy

can still be successful if he doesn't put in the effort, he would be considered smart and nerdy rather than asocial. For women, it is a greater loss in how successful others perceive her to be if she goes against what is expected from being a woman. (Leia, 2023).

Notably, it was also made clear by the interviewees that social and emotional work is not valued as highly, if at all, compared to other things such as being on a live project. Despite this, some women reported engaging in such tasks to a large extent as they reported feeling a heightened responsibility of including people in conversations, asking how their day was going, and generally putting more effort into conversations compared to their male counterparts. The recognition of these social and emotional aspects was perceived by the women to be even lower than the tasks related to recruiting and mentoring others, and most importantly, they do not believe that a male counterpart is rated lower on that scale even though he does not engage in even half as much work of that sort.

Women are more inclined to help others, while men say no, focusing on what will benefit their bonuses. (Mathilde, 2023).

I struggle to say no to tasks that my male colleagues would never do. (Klara, 2023).

4.7. Life outside of work: parental leave and work-life balance

All women reported their firms having incentive structures in place encouraging parental leave. They were unanimous in the perception that having structures that incentivize both men and women to take parental leave is crucial, not only for the individuals involved but for the long-term health of the firm, as it promotes retention of talent and a sustainable work-life balance. The prevalent practice is to deduct the time spent on parental leave from the bonus amount while making no adjustments for carried interest, and compensating for the loss of income with 100% of the monthly salary up to a certain amount of months. Moreover, the women reported benchmarking reports going around where they could compare between firms, with the general perception being that leadership's awareness of such comparison put pressure on the firms to have somewhat similar incentives as other firms competing for talent. A general belief held by the women is that the incentive systems look equal and fair on paper, but their implementation poses several informal punishments, which cause more harm than accounted for, especially for women.

All interviewees perceived that taking time off in private equity proves challenging. In most cases, investment employees are responsible for at least one portfolio company which demands the employee to be available daily. Beyond managing current investments, employees at all levels are also expected to source new opportunities, a highly demanding and time-consuming activity. As a result, the women reported that most or all of the employees who had taken advantage of the company's parental leave remained available or engaged to different extents, exempted from only some of their usual responsibilities:

It is a difficult business to take parental leave from. [...] It is not a business created to be away from for longer periods. Leads get cold and your portfolio company doesn't stop operating just because you have children. (Nadja, 2023).

I don't think everyone can be fully off when taking parental leave. Most people need to be available and keep in touch - keeping ajoin of your portfolio company. [...] But you don't need to do any sourcing which I think is nice. (Minna, 2023).

The interviewees also highlighted that there exists certain expectations, or informal recommendations from both industry peers as well as other employees to stay involved in the firm during your parental leave. In several interviews, it was highlighted that new mothers in the private equity sector often face a difficult choice between sacrificing precious time with their newborns and compromising potential career advancements. Additionally, a prevailing sentiment among industry peers suggests that staying engaged during maternity leave is commonly perceived as a prudent decision. This expectation is sometimes expressed as a demand or, at the very least, a prominent professional norm:

I think it was smart, as she will ramp up quicker when she is back from maternity leave. I know it sounds sad, but in the end, it is a choice to have children. (Nadja, 2023).

Building on the aforementioned, according to the interviewees, private equity is a business built on building and maintaining connections, and that network is not something that the women deemed to be rebuildable in a week or month. The perception among many of the study participants is that being completely away for months prolongs the runway of getting back to work after parental leave, making it near impossible to catch up with other colleagues in terms of promotions and career progression. If one plans on having multiple children, the negative effect will be greater. As for direct consequences of going on maternity leave, all

women agreed that it is nearly impossible to have contributed as much, regardless of having partially worked during the leave, as compared to those who work full-time. It was also highlighted how women are worse off than their male peers since they risk falling behind in promotion cycles, something that some interviewees believe stems from the fact that the female gender bears the primary responsibility for creating, birthing, and caring for the child during its initial years. Related to the aforementioned, some interviewees perceived that performance evaluations become heavily biased by a woman becoming or being a mother, an occurrence that already begins during the pregnancy and extends beyond maternity leave. This was highlighted in several of the interviews, in which those who were in committed relationships expressed serious concerns about becoming a mother. In one case, the pregnancy specifically was highlighted as even more daunting than the actual motherhood:

I greatly worry about having children concerning my career. However, it is not the maternity leave that worries me, it is more how people are going to treat me during pregnancy. [...] From what I have heard during private equity events, there is a large risk that you are not staffed on live deals if you are pregnant. (Elodie, 2023).

It is important to note that all interviewees expressed a positive attitude towards both genders taking parental leave. According to the women interviewed, when male employees opt for paternity leave, it signals to both men and women that dedicating time away from work is acceptable, setting a positive example for others to follow suit. However, several women noted inherent disparities between men and women in the execution of parental leave. Despite an increase in male employees taking paternity leave, multiple interviewees perceived gender-based inequalities in the way the leave is executed. They observed that male colleagues strategically time their leave during private equity's "off-season" creating more favorable conditions for their performance reviews. This practice was seen as contributing to a disparity between genders when it comes to taking time off for childcare responsibilities, as the women lack the same flexibility:

While a man can take four months off over Summer when the child is older and the pace of work is slower, a woman doesn't have the flexibility of deciding. So even though more fathers take the time off now than before, it does not occur on the same conditions and does not impact their career in the same way as it does for a woman. (Amelie, 2023).

There is probably a culture at work where your male colleague who is on paternity leave, is at best, away for a shorter time than you [as a woman]. He will more easily get promoted and this margin inhibits women because you do not have the same opportunity. (Maria, 2023).

Some interviewees also point towards how gender norms in society relate to why there are fewer women in private equity. A general belief held by the interviewees is that it is especially difficult for senior women compared to senior men to balance work with having a family. Many expressed that it is in part due to the nature of women being the primary caregivers of newborns, and the expectations on men are lower than they are on women to take care of the family, both from colleagues as well as society. For example, Maria mentioned: *“You also feel pressured to be the mother that the Swedish norm tells you to be, and that barrier is equally as tough. [...] I never dare to say that I work in private equity to my children’s teachers.”* (2023). Simultaneously, there also exists judgment from peers and senior staff, for example for having to leave to pick up their children from daycare. The interviewees highlighted the lack of a clear practice for balancing time between family and work-related responsibilities, creating uncertainty about meeting expectations both within the workplace and in the personal life. Consequently, combining work with family was considered highly challenging, or even in some cases impossible according to the interviewees:

The career woman and the family woman cannot exist at the same time. (Emma, 2023).
My work-life balance works fine right now, as I just have myself to take care of. But when I, in the future, will have responsibility for others, I am unsure of what to do. (Amelie, 2023).

Furthermore, interviewees also expressed concerns about combining motherhood with their careers, highlighting how women lack the same support at home as their male colleagues:

Men often have female partners, who either work ‘regular hours’ or don’t work at all, that can nurture the family at home. Ambitious women on the other hand, often have ambitious men as their partners, leaving them [women] with less support as compared to their male colleagues. (Elodie, 2023).

5. Discussion

This analysis systematically examines the empirical evidence presented, drawing on the theoretical framework of gendered organizations. Additionally, it incorporates discussions related to the domain theory previously introduced. The theory of gendered organizations (Acker, 1990) is employed to interpret and contextualize the empirical findings while referencing domain theory is used to ascertain alignment or contradiction with the findings of this thesis. Altogether, the empirical findings, examined through the lens of Acker (1990), illustrate how the ideal worker is gendered and a man, putting women at a natural disadvantage. It was found that the profession is heavily male-dominated, leading to its inherent norms and underlying biases becoming masculine-coded. This expresses itself partly in that the execution of the incentive structures becomes advantageous for men.

5.1. Gender inequality caused by the gendered organization and its ideal worker

Acker (1990) states that organizations being gendered entails that gender is not an addition to continuing organizational procedures, but rather something that shapes the organization from within. The empirics in our study are in line with what Acker (1990) presents, as they indicate that there exists a perceived structural bias that disadvantages women in the underlying processes and job evaluations that precede and determine access to incentive systems. Notably, in areas of high transparency, such as fixed salary for a given level of seniority or compensation for parental leave, equality was perceived as high and never found to be compromised. However, all women experienced gender disparities in promotions, which is an “underlying” (Acker, 1990) factor affecting one’s fixed salary. Therefore, even surface-level dynamics are indirectly compromised as hidden, gendered power dynamics challenge formal, outspoken gender-equal hierarchies. Consequently, this hinders women's access to power, senior positions, and other “visual” incentives (Acker, 1990).

Furthermore, we identified the prevalence of gender bias in our findings. The perception among the study participants was that the bias manifested itself through factors occurring behind closed doors, revealed by subtle cues during job evaluations. Building on Acker (1990), the underlying structures being gendered can be seen as impacting women’s access to incentives such as bonus amounts and promotions. Moreover, in line with previous research, the women reported how homosociality (Anderson-Gough et al., 2005) creates inequalities related to incentives by restricting female professionals’ access to social capital. Ultimately, this lack of access gives them a worse opportunity to succeed in the organization. This

homosociality can also help explain the observed, constant promotion of men by other men, similar to the occurrence highlighted in the contributions by Anderson-Gough et al. (2005). This can be further illustrated by the women's perception of senior men identifying with junior men to a greater extent than they do with junior women, for example seeing them as a "*mini-me*" (Elodie, 2023). The women argue that this bias leads to junior men being promoted quicker through the process of, for example, senior men assigning them superior opportunities. Furthermore, the lack of senior women, identified at all firms, impacts these evaluations further as female professionals lack the same sponsorship opportunities as their male peers. Male seniors can reinforce processes and ensure their manifestation by an organizational reproduction (Anderson-Gough et al., 2005), creating what Acker (1990) describes as hidden hierarchies. For women, this could manifest in delayed promotions, fewer opportunities, or lower compensation, ultimately creating resistance to their advancement.

The perception of unfairness was the highest in areas where the distribution of the incentives was characterized by low transparency. The empirics allude to the lack of knowledge on how one is evaluated, and how a subjective metric is interpreted and assessed, creates anxiety about the result not being the outcome of an entirely fair process. In this scenario, the absence of insight poses a risk of becoming a shield for decision-makers, enabling subjective biases. This is perceived to disadvantage the women who argue that men have an easier time being perceived and consequently evaluated as successful in performance evaluations. Thus, our empirics also contribute to the prior research by Bol (2008) by extending the authors' discussion surrounding the cost of subjectivity. By applying a gendered perspective, we demonstrate how women face greater challenges in understanding subjective measures and how to succeed in a context where they are applied, compared to men. Moreover, the lack of transparency in metrics and evaluations not only increases the perception of inequality but also conflicts with women's motivational factors as to why they joined private equity in the first place. Their attraction to the profession was largely due to its promises of development opportunities and professional growth. Due to the subjective and ambiguous criteria in the evaluation processes, opportunities for growth and goal achievement become restricted.

Altogether, the underlying gendered norms and structures are personified through the concept of the ideal worker (Acker, 1990). In our study, we found significant empirical evidence pointing towards that the ideal worker in the companies we researched, is male. This is based on the women perceiving certain traits as crucial for succeeding at work as well as for being

considered top-rated during evaluations, of which a majority are traditionally associated with masculinity. Interestingly, the women have also adapted to this ideal and acquired such traits which, according to some of the empirics, does not come as naturally for women. This adaptation was seen as being necessary as female professionals are aware of senior employees (men) favoring such traits. This finding also relates to Anderson-Gough et al. (2005), who state that traits typically associated with men shape the organization in formal and informal ways. Moreover, there exist expectations that the employee should conform to such norms if they desire to be considered high performers at work. If one deviates, it was found that informal punishments were set in place (Acker, 1990; Anderson-Gough et al., 2005; Bloomfield et al., 2021). As Acker (1990) describes, these preconditions yield a competitive advantage to men, and a disadvantage to women. Our empirics illustrate how women consistently make efforts to fit the male standard or work around any potential punishments that may arise from deviating from the norm. This is a proactive measure to avoid constraints stemming from the women's exclusion of the ideal worker (Acker, 1990). These efforts are made to achieve equivalent rewards as their male peers.

Despite the prevailing perception of the ideal worker being male and the organization being gendered, the theory of gendered organizations and the ideal worker from Acker (1990) puts an overemphasis on gender as a binary construct, compared to what we found in our study. Our empirics imply that masculinity and femininity exist on a spectrum. Within each gender, individuals showcase a diverse array of traits, and the variations among individuals of the same gender can often surpass those between genders. The ideal worker is not solely defined by gender but by certain traits. Although the ideal worker in gendered organizations rewards masculine-coded traits, there are opportunities for women to also exhibit those traits and thus comply with the ideal worker, which many women reported being capable of doing. Such traits (e.g., competitiveness) are acknowledged as important and are as a consequence adopted by some of the women, challenging the conventional binary understanding of gendered traits. Interestingly, the women report having operated within masculine cultures for a long time before joining private equity; through their university days and previous professional experiences. Continuous exposure to such environments has created a tolerance as well as an adoption of certain typically masculine traits that are reported to be crucial for success in the financial landscape. This adaptability raises compelling questions about the malleability of gender roles and the extent to which individuals can defy traditional expectations of exhibited traits based on one's gender. The women not considering it to be an

issue to work in a culture perceived as masculine, and exhibiting the traits deemed normatively required to succeed, challenge the fixed and binary notions of gender within the organizational setting. Further critique against the idea that the ideal worker is gendered is that all men do not automatically succeed in a workplace with a masculine culture that rewards typically related traits, simply because they are men (Acker, 1990; Anderson-Gough et al., 2005). Thus, the notion that one needs to be of a specific gender to comply with the ideal worker and thus get full access to the incentives, is contradicted by our empirics. Instead, we found that there is a specific type of person, with the ability to excel and exhibit specific types of traits, that seeks themselves a career within the industry. To illustrate this, we highlight the conviction of multiple women, including Emma, who believe that male traits are not only being rewarded, they are also necessary to do business. According to them, certain stereotypical female traits are considered disadvantageous and are rarely found in women working in private equity. This is not saying stereotypical female traits do not exist in female private equity professionals, but rather those qualities are being suppressed for the women to fit into the ideal worker. The aforementioned implies that among all women, it is those who are willing and able to adapt to the gendered organizational setting that seek this profession. Thus, the individual's self-selection of their career, seeking out contexts where one believes they will be able to thrive and fit in, has the ability of reinforcing and strengthening the typical traits rewarded at the workplace, which in the case of private equity, are masculine.

However, if the ideal worker (Acker, 1990) were defined solely based on traits rather than a specific gender, it would mean that a given individual who possesses certain traits, irrespective of their gender, would equally conform with the ideal worker. This would imply that both genders have equal opportunities to succeed and require the same amount of effort in doing so, as long as they exhibit the rewarded traits. However, this was not found to be true in our study, implying that gender still does play a role in conforming with the ideal worker, relating once again to the findings of Acker (1990). In our study, the women perceive obstacles and challenges specifically linked to their gender, challenges that are greater, in their belief, than those of their male counterparts. That is, despite the existence of self-selection and the belief that certain types of women seek themselves to private equity, the women face greater resistance due to deeply rooted gendered structures favoring men. These include biases and stereotypes within the workplace that create barriers to female career progression. In response to the perceived barriers, the women express a sense of needing to

exert more effort, time, and consideration into their professional endeavors to achieve the same level of success as their male counterparts, who are perceived to more naturally fit into the concept of the ideal worker (Acker, 1990). This increased effort stems from a recognition that they operate within an environment where gender norms and expectations may not be entirely favorable to them. Altogether, one can thus conclude that there is explanatory power in Acker's (1990) theories on the gendered organization and the ideal worker in this thesis, as underlying structures of the firm systematically disadvantage the women and their access to incentives.

5.2. Female expectations and additional work unrecognized in execution of incentives

Another important finding related to the heightened effort of the women compared to their male counterparts is related to relational and emotional work. The prevalence of this type of uncompensated work was found in a majority of the interviewees' experiences. As described by Fletcher (1999) this limits women's access to incentives through it not being sufficiently recognized as "work", and thus not captured in evaluations. Here, our findings were consistent with those of Bandelj (2020), where the translation of social capital into economic capital was found to be skewed. The challenge arises from the inherent difficulty in quantifying the value of this work and having it acknowledged as a legitimate form of labor. This recognition is a prerequisite for it to, through job assessments, translate into economic advantages such as access to incentive programs. That is, women's social capital in the form of relational efforts, was found to not effectively convert into economic capital (incentives). Despite this, the women still felt expected to continue these efforts, due to punishments for deviating from the norm. Here, we found that the equation is beneficial for men as, for them, abstaining from investing in social capital was found not to negatively influence economic capital. As a consequence, a man is not as disadvantaged for deviating from the norm, for example by being more anti-social, as a woman would have been. Therefore, it seems to be an expectation for women to conform to a certain way of being, a baseline that requires greater effort than a male counterpart. As these female efforts are left unpromoted, our empirics also become aligned with Fletcher (1999), who finds that the aforementioned types of work are invisible and unrecognized.

Lastly, an area where the playing field is not found to be leveled is when it comes to life outside of work and the incentives related to parental leave. Acker (1990) states that part of why the ideal worker is a man is because his embodiment excludes procreation. Our empirics

are thus in line with Acker's (1990), as our findings show how the ideal worker norm does not account for the additional efforts related to procreation that society and nature demand of women. The ideal worker being male in the context of parental leave and related incentives means that the incentive structures are not shaped or molded to be beneficial or even neutral for women. Albeit equal at the surface (for example both genders receive the same amount of pay for the same length of parental leave), being away on parental leave and the process of becoming a parent impacts the genders differently and women-specific disadvantages are perceived not to be accounted for. Motherhood proves highly complex and difficult for working women while being a natural part of many women's lives. Altogether, this yields a disadvantage for women. The incentive systems relating to parental leave do not account for the aspects of a woman becoming a mother, and the inherent responsibilities of procreation are assigned to women traditionally, rather than men, which is a symptom of a gendered organization (Acker, 1990).

6. Conclusion

6.1. Summary

For women to succeed in the workplace, traditionally male-dominated organizations must reconsider the structuring of their incentive schemes to minimize female-specific disadvantages. This thesis showcases how women working in private equity, a male-dominated sector, perceive incentive structures across various firms located in Sweden. Relying on nine in-depth interviews and Acker's (1990) theory of gendered organizations, our study illustrates how women perceive the structure and execution of incentives to be biased and unfair, ultimately excluding the female gender. Our contributions to the existing literature on incentives and women in the workplace are threefold. Firstly, our study provides a gendered perspective of organizations' enactment of incentives and the perspectives of women. It was found that female-specific disadvantages are revealed in vague processes characterized by subjectivity, which in a traditionally male organization gives room for personal biases that benefit men. The empirics also contribute to understanding women's attitude to competition by highlighting how avoidance of competition put forth by quantitative research could be a symptom of dysfunctional organizational practices related to allocations of incentives. Secondly, our study challenges traditional assumptions about the constraints imposed by gender norms and underscores the need for a more dynamic and inclusive understanding of gender within the professional landscape. Our empirics suggest

that the private equity industry's masculine culture does not stop women from getting access to incentive systems, but rather prompts a nuanced exploration of how individuals, regardless of gender, can negotiate and succeed within gendered organizational cultures. Thirdly, we provide an in-depth overview of how female professionals are in discreet ways disadvantaged and restricted from accessing incentives, and that work conducted by women is taken for granted. In essence, our empirics conclude that the perception of women in private equity is that incentive structures are not equal between genders, a finding which has explanatory value as to why women struggle to succeed as they need to put in additional effort compared to male peers.

6.2. Limitations

Noteworthy, there exist limitations to our study. As highlighted in our thesis, the female professionals work in private equity, a highly financially and metric-driven industry, which puts a large emphasis on incentives. Thus, as to be understood, the experiences of this study's interviewees might not be shared by women in other professions, where the share of women and men is conversed and/or where the nature of the work is not as centered around financial returns and incentives.

6.3. Suggestions for further research

We encourage future research to explore the relationship between incentives and gender further. Specifically, we highlight the potential for investigating how women's perception of incentives varies across small and large firms, as a greater organizational size could yield a more complex evaluation process, within which men could have an easier time succeeding (Jonnergård et al., 2010). Moreover, we also consider it interesting to broaden the scope and investigate other minority groups that might not conform to the ideal worker (Acker, 1990). Lastly, we urge researchers to explore the male perspective of incentives by leveraging the explanatory power of feminist organizational theories.

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8. Appendix

8.1. Interview details

Table 1: Overview of respondents

Name	Date	Length of interview	Place
Emma	9 October 2023	43:03:01	At nearby cafe
Nadja	9 October 2023	48:20:44	At workplace
Klara	11 October 2023	28:46:20	At workplace
Elodie	13 October 2023	51:04:31	At workplace
Maria	13 October 2023	55:25:56	At workplace
Amelie	16 October 2023	36:45:33	At nearby cafe
Leia	16 October 2023	41:21:15	At workplace
Minna	18 October 2023	54:33:18	At workplace
Mathilde	18 October 2023	49:33:10	Online

Average time of interviews: 45:25:59

Median time of interviews: 48:20:44

8.2. Interview guide

Introduction

- Explain that no name, workplace or any other sensitive information will be stored, shared or disclosed, in the thesis or in any formal and informal communication with the school and anyone other than the authors during the writing process and afterwards.
- Ask if it is okay for us to record the audio, without video and that we will transcribe it and remove all sensitive information - then delete the audio
- Ask if it is okay that we might quote the person under a pseudonym and that we will change the quote so no personal information about her or her workplace is revealed.

Career history

- Why did you choose to enter the private equity industry?
- Do you think the factors you mentioned above differ from a male counterpart?

- In terms of work-life balance, personal and career development, and compensation, what was most important to you?

The organization and gender

- What does the gender distribution look like in your company?
- Do functions or seniority levels differ?
- Does the culture reflect this division?
- How would you describe a boys club culture?
- How would you describe "the male way of doing things"?
- How would you describe the culture at your workplace?
- Is it typical for girls to adopt typically "male characteristics" at work in order to, for example, fit in, it's easier, unconsciously?
- As a woman, do you engage more in relational work in the workplace, for example asking how people are doing, adapting your language to make someone feel more included?
- Do you think that you, as a woman, work in a different way than your male colleagues?
- As a woman, do you think you are more or less risk-prone than your male colleagues?
- In PE, do you think the male way of leading is seen as the norm, and the female way disappears a bit?
- Do you think your male colleagues have it easier than you?
 - In performance evaluations and compensation related to it
 - To fit into the culture
 - In advancement opportunities

Incentives

- What is your view on the incentive system in your current or previous role in the private equity industry?
- What types of incentive programs are in place?
- How dependent are you on them / how much of the compensation are they?
- What is most important to you - non-monetary such as education, praise, awards or monetary - including bonuses, carry, salary etc.

- What does the evaluation process look like? Is it transparent and do you get a lot of insight?
- Is the evaluation based on team performance or on an individual level?
- How has this affected your work?
- How do you prefer to be evaluated on your performance - team-based or individually, relative to others?
 - Why?
- What is your perceived fairness of the incentive programs?
- What parts of incentive structures do you find least and most motivating?
- Have you encountered specific challenges related to incentives? If yes, which and in what way?
- Is there something missing in the incentive structures at your workplace, something you would add?

Incentives and gender

- Do you think you are compensated the same as your male peers?
- Do you think you put in more, less, or the same effort as your male peers?
- Do you think you are doing more relationship-based work within the organization?
- Do you feel that you are doing "silent work"?
- Do you think you should be evaluated in the same way as your male peers?
- How do you think the incentives and gender distribution affect the environment and dynamics in the workplace?
- How do you think incentive programs play a role in gender equality and development opportunities for female professionals?
- Women are a minority in the private equity industry, and the proportion of women in PE declines with seniority. What role do you think incentive programs play or can play in that?
- Are there any attempts to attract more women to the company, if so which ones and how do they work?
- Is there anything your company or anyone else could do differently in that regard, related to empowering women?

Conclusion

- If you had a magic wand and could change the incentive structures in your workplace in one day, what would you change and how would you adjust them to better align with your goals?
- What does the future look like; Do you envision yourself staying in private equity for the long term?
- What factors influence the decision?