

# The Influence of Gender Diversity Management Policies on Employee Work Perceptions: Critical Analysis of “Gender Diversity Greenwashing” at Goldman Sachs

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## Abstract:

This study explores the impact of gender diversity management policies on employees’ work perceptions and critically examines the phenomenon of “gender diversity greenwashing.” In recent years, gender diversity has become a critical focus for many organizations, aiming to enhance morale of workers, decision-making quality, and corporate competitiveness in a globalized market. Using Goldman Sachs as a case study, this research employs a literature review and secondary data analysis to assess the effectiveness of these policies. The findings indicate that while gender diversity policies can enhance job satisfaction and career development, some companies engage in superficial practices that fail to bring substantial changes. This phenomenon, termed “gender diversity greenwashing,” negatively impacts employee perceptions and trust. By analyzing Goldman Sachs’ initiatives and the associated criticisms, the study underscores the need for genuine and effective gender diversity policies. Recommendations are provided to improve these policies, ensuring they contribute meaningfully to both employee well-being and organizational performance.

**Keywords:** Gender diversity; gender diversity management policies; employee work perceptions; gender diversity greenwashing; Goldman Sachs.

## 1. Introduction

### 1.1 The Significance of Gender Diversity Management in Modern Corporations

In contemporary companies, the importance of gender diversity management strategies is increasingly recognized. Research indicates that gender diversity not only fosters innovation but also enhances decision-making quality and corporate competitiveness. For instance, a study published in PLOS ONE found that gender diversity significantly promotes a company’s innovative capacity by expanding the internal and external knowledge base, thereby fostering the generation of new ideas and products and improving problem-solving and decision-making capabilities [1]. Additionally, a study in Management Science revealed that gender-balanced teams outperform male-dominated teams in terms of sales and profits, demonstrating the positive impact of gender balance on business performance [2].

### 1.2 Analyzing Gender Diversity Initiatives in the Investment Banking Sector: A Case Study

### of Goldman Sachs

The investment banking industry is a cornerstone of the global financial system, characterized by high-risk, high-reward dynamics. Within this competitive sector, gender diversity remains a significant concern. Despite recent progress, women continue to be underrepresented in senior management and decision-making positions [3,4]. Goldman Sachs, as a leading investment bank, has implemented various policies and initiatives aimed at promoting gender diversity. The company is committed to advancing the career development and promotion of female employees through programs such as the “Women’s Leadership Program,” which is designed to support and foster female leadership [5]. However, the effectiveness of these initiatives remains under scrutiny.

### 1.3 Research Aims and Objectives: Exploring the Effectiveness of Gender Diversity Policies and Addressing Greenwashing

This study aims to investigate the impact of gender diversity management policies on employees’ work perceptions, focusing specifically on Goldman Sachs. The

research seeks to assess the effectiveness of Goldman Sachs' gender diversity policies and introduce the concept of "gender diversity greenwashing." This term describes the practice of companies implementing superficial diversity measures to enhance their public image without achieving substantial improvements in gender equality [6]. The primary objectives of this research are to evaluate the practical efficacy of these policies and provide actionable recommendations for their enhancement. While gender diversity policies are generally associated with positive outcomes, some companies may engage in "gender diversity greenwashing," where token initiatives are used to improve corporate image at the expense of meaningful employee benefits. By examining Goldman Sachs, this paper aims to highlight this phenomenon and emphasize the necessity of developing genuinely effective gender diversity policies.

## 1.4 Methodological Framework: Data Sources and Analytical Techniques

The data for this study are derived from publicly available reports from Goldman Sachs, industry analyses, and relevant academic literature. These sources establish a comprehensive foundation for the research. The methodological framework includes a literature review and secondary data analysis. By systematically examining existing studies and publicly accessible information, the paper evaluates the impact of gender diversity policies on employees' work perceptions. The analysis integrates collected literature and data with case study methods to assess the implementation effectiveness of gender diversity policies and explore the phenomenon of "gender diversity greenwashing."

## 2. Literature

### 2.1 Gender Diversity Policies

Gender diversity policies occupy a significant place in modern corporate management. These policies can be broadly categorized into anti-discrimination policies and equality policies. Anti-discrimination policies aim to eliminate gender discrimination in the workplace by establishing codes of conduct and implementing anti-sexism training programs [7]. Equality policies, on the other hand, include mandatory legal provisions such as gender quotas and pay transparency laws to ensure female representation in senior management and board positions [8,9].

Moreover, studies indicate a positive correlation between female representation on boards and corporate success, which not only enhances corporate transparency but also reduces fraudulent activities [10]. These policies aim to promote gender equality and diversity through legal

protections and support measures, thereby fostering a more inclusive and sustainable organizational culture. For example, mandatory measures like gender quotas have proven effective in increasing female representation in management in some countries [9].

### 2.2 Employee Work Perceptions

Employee perceptions of their work environment, career development, and job satisfaction are critical indicators of management effectiveness. Female employees in companies with robust diversity management policies report higher job satisfaction and better career development prospects [11,12]. Organizational policies that support family responsibilities significantly enhance employees' life satisfaction, which in turn positively impacts job satisfaction and organizational commitment [13]. Thus, it is evident that diversity management policies not only directly improve employees' work experiences but also indirectly enhance employee satisfaction and loyalty through the promotion of a positive corporate culture [14].

Furthermore, diversity and inclusion policies foster a supportive and inclusive work environment, which further enhances employee job satisfaction and team collaboration efficiency. For instance, gender diversity helps reduce workplace stress and conflict, thereby improving overall team performance [15]. Consequently, diversity policies not only increase employee engagement but also enhance employee motivation [16].

### 2.3 The Relationship Between Gender Diversity and Employee Work Perceptions

Diversity policies that provide more career development opportunities and equitable work environments significantly enhance employee engagement and organizational commitment [17]. For example, increasing the proportion of women on boards not only improves decision-making quality but also enhances employees' work environment and job satisfaction [10].

Other studies suggest that diversity management policies benefit not only individual employees but also enhance overall corporate effectiveness [18]. A diverse work environment fosters employee innovation and creativity, boosting the company's competitive edge. Gender diversity also increases employees' sense of belonging and self-efficacy, reducing turnover rates [19].

### 2.4 Gender Diversity Greenwashing

"Gender diversity greenwashing" refers to the phenomenon where companies enhance their public image through superficial gender diversity measures that have limited or no actual impact. Many companies, while promoting gender diversity policies, often do so in a superficial manner without genuinely addressing gender inequality issues.

Although some firms have established gender diversity policies, these policies lack effective implementation and fail to truly improve the work environment and career development opportunities for female employees [20].

To avoid gender diversity greenwashing, companies need to develop and implement genuinely effective diversity policies and conduct ongoing monitoring and evaluation. Only through practical and actionable measures can companies achieve true gender diversity, enhancing employee job satisfaction and organizational performance. The implementation of effective gender diversity policies positively impacts employee well-being and organizational citizenship behavior, further emphasizing the importance of effective diversity policies [21].

### **3. Analysis and Improvement of Gender Diversity Policies: Perceptions and Impacts at Goldman Sachs**

#### **3.1 Specific Measures of Goldman Sachs' Gender Diversity Policies**

Goldman Sachs has set clear objectives and strategies for gender diversity. According to the 2022 Sustainability Report, the company aims to have women constitute 40% of global management by 2025. To achieve this, Goldman Sachs established a gender diversity committee, developed diversity recruitment plans, and provided career development training. For instance, the annual "Diversity Recruitment Week" targets women and minority groups to attract a diverse talent pool [22]. In terms of pay equity, Goldman Sachs has conducted comprehensive pay audits to address the gender pay gap, which has led to increased job satisfaction and loyalty among female employees. Ensuring pay equity significantly boosts employee motivation and strengthens internal cohesion and competitiveness. Furthermore, Goldman Sachs has introduced flexible working policies that allow employees to choose remote work or flexible hours, helping female employees balance work and family responsibilities. This flexibility increases efficiency and job satisfaction. Academic research confirms that flexible work arrangements improve employee performance and well-being [23]. For career development, Goldman Sachs launched the "Goldman Sachs 10,000 Women" online course, offering free, practical business education to women globally. This program includes ten core courses covering leadership, negotiation, marketing, and sales, with guidance from top business school educators and a global alumni network. This initiative enhances women's career prospects and promotes diversity in senior management [5].

Despite these efforts, Goldman Sachs faces challenges and criticisms regarding gender diversity. While there has

been progress in increasing female representation in management, overall gender balance still needs improvement. The company has been accused of "gender diversity greenwashing," where superficial diversity measures enhance corporate image without substantial change.

#### **3.2 Genuine Employee Perceptions of Work: Based on the Renowned Lawsuit**

Despite these measures showcasing the company's commitment to improving gender equality on the surface, Goldman Sachs still faces serious gender discrimination lawsuits [24]. This class-action lawsuit, involving 2,800 female partners and vice presidents, accuses Goldman Sachs of systematically underpaying and undervaluing female employees, compared to their male counterparts. Female employees are allegedly denied fair compensation and career advancement opportunities [24]. The lawsuit exposes the performative nature of Goldman Sachs' gender diversity management [24]. Goldman agreed to pay a \$215 million settlement and hired independent experts to analyze internal performance evaluations and gender pay gaps [24]. While these measures demonstrate the company's willingness to improve, they also reflect significant internal issues that necessitate legal intervention for reform. Goldman Sachs' actions can be seen as a strategy to address external pressures and litigation risks rather than genuine transformation. Despite setting goals such as achieving 40% female vice presidents by 2025 [24], these policies may be more about addressing external criticism and legal actions rather than a true commitment to gender equality. Goldman Sachs' actions have somewhat alleviated external pressures, but if the execution of these policies lacks substantial change, employees may perceive these policies as mere lip service. Such performative policy implementation not only fails to genuinely improve the work environment for female employees but may also exacerbate distrust in the company's management [25]. The existence of the class-action lawsuit indicates that gender equality issues at Goldman Sachs have been long-standing and inadequately addressed. This situation can lead to increased employee distrust in the company's management, believing that the company's commitment to gender diversity is insincere. Employees may question the motives behind the company's diversity policies, affecting their job satisfaction and sense of belonging to the company. Additionally, gender bias in performance evaluations and promotions at Goldman Sachs is very apparent. The lawsuit alleges systemic unfairness in these areas, with female employees suffering from unjust treatment. Even with improvements, this negative historical experience can have a lasting impact on female employees' perceptions of their work environment. Employees might feel

that, despite new policies, deeply ingrained gender biases have not been completely eradicated. Long-term gender discrimination and unfair treatment can negatively impact female employees' mental health and career development. Female employees might experience increased work stress and uncertainty about their future career prospects. In this situation, even if the company implements gender diversity policies, it is difficult to completely change employees' negative perceptions in the short term [26].

### **3.3 Genuine Employee Perceptions of Work: Delayed Accountability**

Goldman Sachs has set ambitious gender diversity goals, such as achieving 40% female representation in global management by 2025 [27]. While setting these goals is commendable and demonstrates a commitment to gender diversity, it also presents challenges in terms of accountability and immediate impact. Relying on long-term goals can raise questions about the company's true intentions and the effectiveness of its efforts to promote gender diversity. One of the main challenges of long-term diversity goals is the difficulty in measuring and verifying progress in the short term. Because these goals are set for future dates, there is a risk of delaying or postponing necessary actions. Employees and stakeholders may find it hard to hold the company accountable for progress that is not immediately visible. For example, Goldman Sachs' goal of achieving 40% female representation in global management by 2025 can be seen as a distant target [27]. Without clear interim milestones, it is difficult to assess whether the company is on track to meet this goal. Setting future targets allows companies to showcase their commitment to gender diversity without implementing substantial changes [28]. This approach may enable companies to enhance their public image while delaying meaningful actions [28]. In the case of Goldman Sachs, despite the public praise for its long-term goals, the pace of actual progress may be slower than expected. The delay in achieving tangible results could create an impression of insincerity among employees, particularly those directly affected by gender inequality [28]. The uncertainty in achieving long-term goals can negatively impact employee trust and motivation. If employees perceive diversity goals as more about image than actual change, they may doubt the company's intentions. This skepticism can lead to decreased job satisfaction and engagement, as employees may feel that the company is not genuinely committed to addressing gender inequality. Additionally, the lack of immediate results can exacerbate feelings of frustration and disappointment among female employees who expect concrete changes in their career development opportunities [29].

### **3.4 Recommendations for Policy Improve-**

#### **ment**

According to the research conducted by Harvard Business School professors Frank Dobbin and Alexandra Kalev in 2016, titled "Why Diversity Programs Fail," numerous companies face challenges in realizing anticipated outcomes from their diversity initiatives, sometimes encountering unintended consequences [7]. The study reveals that mandatory diversity training often elicits resistance among employees, fostering feelings of resentment and reluctance [7]. Consequently, improvement strategies should prioritize voluntary participation in interactive training sessions, leveraging practical case studies to bolster employee engagement and identification [7].

Furthermore, mentoring programs and mentorship play pivotal roles in promoting diversity within organizations [7]. By establishing mentor relationships, female and minority employees can significantly enhance their prospects for advancement and job satisfaction [7]. Notably, unconscious biases frequently impede diversity in recruitment and promotion processes. Employing structured interviews and standardized assessments can mitigate biases, thus safeguarding procedural fairness [7].

Moreover, the implementation of transparent compensation systems serves to diminish gender and racial wage disparities, consequently augmenting employee contentment and loyalty [7]. Through the regular dissemination of salary reports and the disclosure of salary ranges for various positions and tiers, parity in remuneration underscores the company's commitment to equity and diversity [7].

Establishing a diversity committee, led by senior management, serves as a mechanism for periodically evaluating policy efficacy, proposing enhancements, and disseminating progress updates to all staff [7]. This oversight framework ensures the continual refinement of diversity policies. However, achieving authentic diversity and inclusivity necessitates more than the mere enactment of policies and initiatives; it demands a transformative shift in organizational culture [7].

The exemplar role of management, coupled with the cultivation of an open and inclusive work environment, emerges as paramount for the success of diversity initiatives [7]. By reengineering training protocols, fostering supportive networks, adjusting recruitment and promotion protocols, instituting transparent compensation mechanisms, establishing diversity committees, and advocating for cultural change, organizations can effectively advance the implementation of diversity and inclusion policies [7].

Additionally, another Dobbin and Kalev's 2018 paper, "Why Diversity Training Does Not Work: The Challenge for Industry and Academia," emphasizes the importance

of accountability and active participation in diversity programs [25]. The authors argue that voluntary diversity training is more effective than mandatory programs, as it encourages genuine engagement and learning. They also highlight the significance of creating an inclusive culture where employees feel safe to express their identities and experiences [25]. To further enhance diversity initiatives, companies should integrate diversity goals into performance evaluations and reward systems, thereby aligning individual incentives with organizational objectives [25]. This integration ensures that diversity and inclusion become integral to the company's operational framework and strategic vision. Furthermore, implementing regular feedback mechanisms and conducting thorough analyses of diversity metrics can help organizations identify areas for improvement and celebrate successes [25].

By adopting these comprehensive and research-backed strategies, organizations can create a more inclusive and equitable workplace, driving both employee satisfaction and business success.

## 4. Conclusion

This paper explores the impact of gender diversity management policies on employees' work perceptions and critically analyzes the phenomenon of "gender diversity greenwashing," using Goldman Sachs as a case study. Through a review of existing literature and an analysis of Goldman Sachs' policies, the study reveals that gender diversity initiatives can enhance employee job satisfaction and career development. However, it also highlights the negative impact of superficial "gender diversity greenwashing."

The findings indicate that while Goldman Sachs has implemented measures such as establishing a gender diversity committee, diverse recruitment plans, and career development training, the actual effectiveness of these policies remains limited. The gender discrimination lawsuits against Goldman Sachs expose the performative nature of their diversity management, showing that these policies often fail to substantially improve the work environment and career opportunities for female employees.

Based on the comprehensive research by Frank Dobbin and Alexandra Kalev, their findings highlight the need to revise diversity policies to ensure effectiveness and avoid unintended consequences. The studies suggest that mandatory diversity training often provokes resistance, advocating for voluntary, interactive sessions with real-world cases to enhance engagement. Mentoring programs are essential for advancing women and minority employees, while structured interviews and standardized assessments can reduce unconscious bias in recruitment and promo-

tions. Transparent pay systems are crucial to addressing gender and racial pay gaps, promoting employee satisfaction and loyalty.

Additionally, establishing a diversity committee led by senior management is recommended to assess policy efficacy, propose improvements, and communicate progress. True diversity and inclusion require a cultural shift, driven by leadership and an inclusive work environment. Integrating diversity goals into performance evaluations and reward systems aligns incentives with organizational objectives. Regular feedback and diversity metrics analyses help identify improvements and celebrate successes.

By adopting these strategies, organizations can create a more inclusive and equitable workplace, enhancing employee satisfaction and business success. The case of Goldman Sachs highlights the need for effective gender diversity policies to foster a fair and inclusive environment.

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