

Departmental Research Seminar



Shaking Things Up:
Unintended Consequences of Firm
Acquisitions on Racial and Gender Inequality
By

Dr Letian (LT) Zhang
Harvard Business School

Date : 9 Dec 2020 (WED)

Time : 9 am – 10:30 am

Venue : Online via Zoom

Abstract

This paper develops a theory of how disruptive events shape organizational inequality. Despite efforts from regulators and advocates, racial and gender inequality in the workplace remains high. I theorize that because the persistence of such inequality is often reinforced by organizational inertia, disruptive events that shake up old hierarchies and break down routines and culture could offer an opportunity for racial minority and women workers to advance. To examine this theory, I explore a critical but seldom analyzed organizational event in the inequality literature – mergers and acquisitions. Using a difference-in-differences design on a nationally representative sample covering 37,343 acquisitions from 1971 to 2015, I find that although acquisitions lead to occupational reconfiguration that favors higher-skilled workers, they also reduce racial and gender inequality. In particular, I find improved managerial representation of racial minorities and women and reduced racial and gender segregation in the acquired workplace. This post-acquisition effect is stronger when (a) the acquiring firm more highly values race and gender equality and (b) the acquired workplace had higher racial and gender inequality pre-acquisition. These findings suggest that disruptive events could produce an unintended consequence of improving racial and gender equality in the workplace.

Dr Letian (LT) Zhang is an Assistant Professor of Business Administration in the Organizational Behavior Unit. He studies social inequality in firms and markets. His research draws on sociological theories to understand disparities involving social class, race, and gender, and status. His work covers a wide range of empirical settings including financial markets, mergers and acquisitions, sports, entrepreneurship, and Chinese labor markets.

