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5 GENDER EQUALITY

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Gender diversity: A quest for equal opportunity in financial services

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Gender equality is important. Important to women, to society and to business. Workplace gender inequality affects economic freedom, social empowerment, life, and lifestyle choices. A lack of diversity, including gender diversity, also affects businesses' ability to thrive.

It is fitting then that gender equality forms the fifth UN Sustainable Development Goal (SDG). Looking specifically at workplace equality, a starting point for gender equality might suggest that 51% of jobs should be held by women given that women account for 51% of the population (Krivkovich et al, 2018). Yet research reveals that women are under-represented in the workplace and that this disparity increases as they advance up the career ladder.

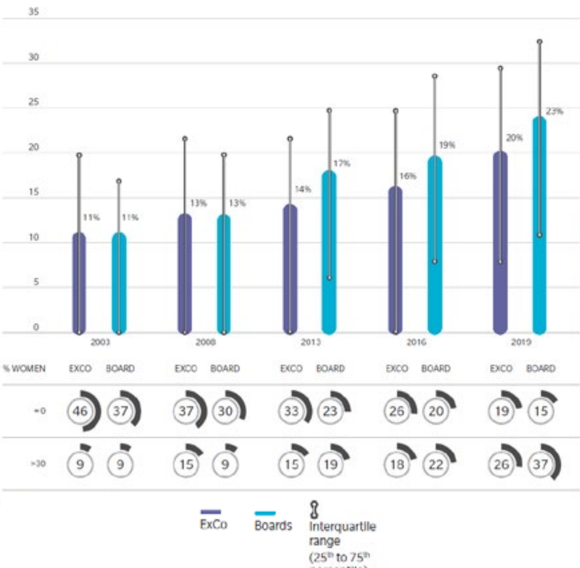
In 2019, women represented only 39% of world employment (UN, 2019). Drilling down, research by McKinsey and Company reveals that women are less likely to be employed at entry-level, despite collectively achieving a greater number of bachelor degrees than men (Krivkovich et al, 2018). At master's and doctorate level, women continue to outperform men. Yet, women are under 80% as likely as a man to be promoted into a management-level job and ultimately only hold 38% of management roles (Krivkovich et al, 2018). Across the 32 countries within the OECD, figures are lower again, indicating that only 31.9% of managerial positions are held by women (The Economist, 2019; EIGE, 2019). Gender diversity falls further at board level with average female board membership across the OECD at 22.9% in 2018 (The Economist, 2019), and is lower again (9%) in emerging markets (Vigeo Eiris, 2018, p.7).

In the financial services sector, 2020 research by Oliver Wyman reports that female representation at senior levels has roughly doubled since 2003 with the average executive committee now having a complement of 20% women whilst executive boards have reached 23% (figure 1). Some firms in the industry even boast more than 30% women at executive committee level, and 37% at board level.

Year-on-year progress is being made, but not enough.

Figure 1: Representation of women on executive committees and boards in major financial services firms globally (%)

Includes 468 companies across 37 countries/jurisdictions



Source: Oliver Wyman analysis of organization disclosures

The figures show that women remain under-represented in the workplace, and of course, unchecked gender inequality is like a snowball travelling downhill – it gathers momentum. If approximately one-third of management positions are currently held by women, and appointment rates are constant at each subsequent level and do not diminish further, women will continue to be appointed to each more senior position one-third of the time. Let us assume, for argument's sake, that three promotions lie between management and board level. The cumulative effect of these appointment rates results in any one female manager only being 1.2% likely to reach board level, compared to a 19.8% probability for her male counterpart.[1]

Further, if highly capable women suitable for advancement bottleneck at upper-management and executive level

[1] Of every three management appointments (level one), one is female; two are male. Three levels later (level four), the statistical probability of the female reaching board level will be $(1/3)^4$ compared to the male probability of $(2/3)^4$.

whilst men progress, the quantity of available and appropriately qualified women at each level increases vis-a-vis men. This should – but does not – manifest in increasing numbers of women being appointed to the next most senior role.

Clearly, in a meritocratic system, progression through the ranks should relate to qualification, ability, and choice. Meritocracy is generally prized and regarded as a 'fair' way to distribute the limited pool of jobs since each person – male or female, black or white, gay or straight, and so on – is entitled to an equal opportunity to choose how they want to live and the sort of person they want to be, and able to pursue careers which are "open to talents" (Rawls, 1971), that is, available to the best qualified candidate based on job-relevant characteristics.

We have seen that women as a group typically attain more bachelor, masters and doctorate degrees than men, thus there is no qualification bar explaining the difference in male and female workplace progression. Ability also does not appear to pose a barrier. Contrary to some popular thought, Joel et al (2015, p 15,468) found that "human brains cannot be categorised into two distinct classes: male brain/female brain". Hyde (2014) also carried out a substantial review revealing that differences in the abilities and qualities of men and women (including leadership effectiveness) are mainly non-existent or small. Other research confirms this, with a study by Strebler et al (1997, p 14-22) revealing that there is no difference in the competencies of the genders at management level and showing that the unfounded perception that women have less leadership ability than men could be attributed to gender stereotyping rather than less overall competence (Strebler et al, 1997, p 14-22).

Free choice?

So, if ability and qualification does not account for the female under-representation in the workplace, could free choice account for it? Do women choose not to progress into senior roles, or perhaps not join the workforce at all? Attempts are sometimes made to gauge career-orientation using generalisations such as the choice to have or not have children, for example. But this does not definitively point to a career-focus or a lack of it. For some people of either gender for example, a family may fuel ambition, whilst for others, it may negate it. It must be acknowledged however, that women may indeed choose a different work-life balance to men. Research by Chesterman et al (2005, p 19) indicates, for example, that women have more life goals and may freely make different choices as they reach a particular level of seniority, potentially prioritising non-work life. Further, Adams and Funk (2012, p 220) reveal that women typically are less power-orientated than men.

However, the word 'choice' is important. There is a danger that rather than through choice, gender imbalances arise in organisations through social norms, or social, economic or workplace realities. This includes the so-called 'double burden' or expectation that women should shoulder a disproportionate share of family and household duties (Chesterman et al, 2005; Giddens, 2013; McKinsey and Company, 2007); perhaps career disengagement arising from a lack of appropriate workplace support (Glass and Cook, 2015); potentially a lack of role models, or for example, the typically female trait of undervaluing their skills compared to the value that would be placed on the same skills by a man (Strebler et al, 1997, p 25).

Barriers to workplace gender equality

Many of the barriers to more equal female representation in the workplace, and hence barriers to attaining the SDG goal of gender equality, are structural barriers and within the power of businesses to change. They include recruitment practices which fail to target and reach women, corporate culture which isolates and/or alienates women, and obstacles to progression such as a lack of workplace mentoring (USGCC, 1995b, p 8). A further barrier, briefly mentioned earlier, is the presence of gender stereotyping and implicit bias.

Gender stereotyping is the preconceptions which enable quick, unconscious judgments to be made about men and women based on general expectations of the way each gender as a group thinks and behaves. Stereotyping can be useful, but of course, the danger is that it tends to overplay the differences between men and women and underestimates the differences between individual members of each gender (Ellemers, 2018, p 276). This impacts on the ability to genuinely assess merit worthiness when considering applicants for a role based on their actual attributes. For example, research by Desert and Leyens (2006) found that men are typically regarded as competitive and assertive whilst women are more likely to be associated with emotional or collaborative traits. A study by Kanter (1977) demonstrated that management and leadership qualities such as risk-taking and decisiveness tended to be associated with men. Such stereotyping may result in an equally (or perhaps better) qualified woman being overlooked or judged less able than a man.

Further, Anderson (2011) notes that stereotyping favours those who already occupy privileged positions by seeking similar social identities to fill other privileged positions. Since men hold a far greater proportion of senior roles than women, and "dominant players can afford to be ignorant of the ways their subordinates deviate from stereotype" (Anderson, 2011, p 2), stereotype bias is likely to continue to favour men and make it more difficult for women to climb the career ladder.

Stereotype bias can be conscious and unconscious. Where bias is conscious, the bias-holder may explicitly state a preference for one gender. This is readily identifiable and dealt with through the law. However, conscious discrimination can also be veiled as well as explicit, so whilst a position – a board role for example – is advertised as open to both genders, a male-dominated board may quietly prefer to "promote in their own image" (Teicher and Spearitt, 1996, p 129). This bias in favour of men means that in fact, the door is closed to women. Additionally, since it is hidden, it is more difficult to tackle through anti-discrimination legislation.

Unconscious (or implicit) bias is also concerning and is the associations or stereotypes held about women of which the bias-holder is unaware, making the bias difficult to identify or measure on an individual basis (Anderson, 2011, p 17-19; Bertrand et al, 2005). Further, detailed research by Greenwald and Krieger (2006, p 951) demonstrates that there can be a disconnect between implicit bias and consciously-held beliefs causing "behaviour that diverges from a person's avowed or endorsed beliefs or principles". Anderson (2011, p 17) concurs, explaining the stereotype does not even have to be consciously believed since mere awareness of "derogatory stereotypes" can unwittingly result in bias. The US Glass Ceiling Commission's (USGCC's) research reveals that widely accepted stereotyping perpetrates the unfounded view that women are unsuited for senior positions (USGCC, 1995a, p 26). This is both worrying and real, with substantial reviews of empirical evidence by Greenwald et al (2009), CIPD (2018), and Jost et al (2009) all confirming the existence of implicit bias.

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Breaking down barriers

There are, however, a number of ways workplace barriers can be broken down. To discuss but a few, firstly, educational pieces can be constructed to ensure the value of better gender diversity is understood at senior levels and, given that men still dominate boards and senior management, male advocacy of women and diversity is essential.

Implicit Association Testing (IAT) and diversity training play a role in shining a light on implicit biases and preconceived gender norms and help raise awareness of such issues. Research demonstrates the value of implicit bias training, for example, Kalinoski et al (2013) revealed that post-training, positive changes are engendered in cognitive-based outcomes such as knowledge and understanding; affective-based outcomes including attitudes and perception, and skill-based outcomes such as behaviour.

Outreach policies can assist in providing women with awareness-raising information on the job opportunities available to them, internships too have a place (USGCC, 1995a) and are a popular tool in the financial services industry. Once in the workplace, mentoring programmes which identify and develop the women (and men) with management and leadership qualities ensure there is a mix of gender talent with the skills to progress.

Other policies can also assist with structural changes to the workplace environment. These include flexible working arrangements and shared parental leave to allow women to juggle home life and work. Similarly, support is required for women returning to their careers after a break.

In raising awareness of gender imbalances and putting in place measures to address some of the underlying issues, businesses can continue to make progress towards the UN goal of gender equality.

Note: This article is based on the following unpublished dissertation:

Murray, C.A. (2019) Justice and Affirmative Action. Unpublished MA dissertation. University of Leeds.

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