



Past perspectives; future change

A study into the experiences of senior women in financial services

'My advice to women is to sign up for the opportunity, the skills and the remuneration that can come from working in financial services.'

A Study Participant



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Introduction

Over the last few decades, the business case for diversity and inclusion has become well established. While gender is only one aspect of diversity, it is of particular concern in financial services: the simple truth is that the number of women in senior positions remains low. There are numerous policies and processes in place intended to change this situation, but, evidentially, they are not yet working well enough.

This is detrimental for businesses. In the McKinsey report *Women Matter*, published last year, it was pointed out that companies with the highest share of women on their executive committees outperform companies with no women, both in terms of return on equity and operating results. Research from Ernst & Young corroborates these findings: 'The evidence is clear that having more women in leadership positions improves corporate performance – and the numbers prove it.' (*Groundbreakers: Using the strength of women to rebuild the world economy*).

The statistics back this up: the Catalyst report *Linking Performance and Gender Balance on the Board* showed that companies with more than three women on the corporate board have an 80% higher return on equity, while companies with female leaders have a 35% higher return on equity. Furthermore, findings from a recent study by Eversheds showed that high female representation was the third strongest link to good share price performance.

This indicates an overwhelming incentive for financial services companies to employ more women in their higher echelons. Yet in Lord Davies' recent report, *Women on Boards*, it was noted that, at the current rate of change, it will take over 70 years to achieve gender balanced boardrooms in the UK.

This is a problem that, within the UK and elsewhere, is not just confined to the financial services sector. The *Female FTSE Board Report 2010* found that:

- Overall, the percentage of women on FTSE 100 boards is 12.5%, showing a three year plateau;
- only 13% of new appointments were female;
- 52.4% of FTSE 250 companies have no women on their boards.

Financial services companies need to ensure that they have access to the best talent – female and male. But a Treasury Committee report, *Women in the City*, notes that in some square mile firms, the number of women at managing director level is reported to be lower than 5%, while the proportion of female executive committee members is 1-2%.

What is to be done? To find out how and why so few women make it to senior levels, there is an urgent need to identify the reasons for the under-representation of women within top-tier management. To this end, it is necessary to understand the experiences of women who have 'made it', and the challenges they overcame.

Aims

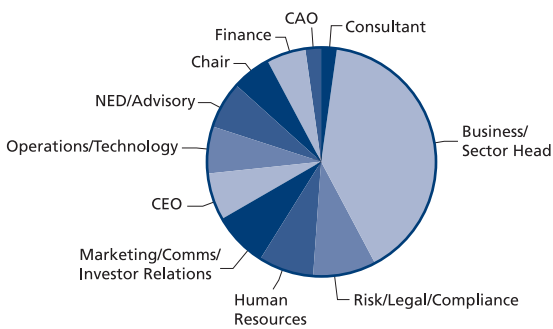
The study's aims are twofold. First, it is to highlight how women develop their careers. Second, it is to provide financial institutions with meaningful information and analysis that can be used to address the gender imbalance.



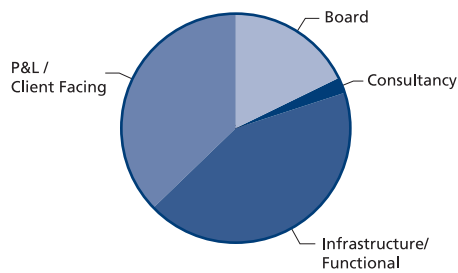
Participants

The women who took part are currently – or were until very recently – in senior roles in financial services. These roles include heads of function, business and division as well as executive committee members and non-executive directors. The majority of these were/are at managing director level (or equivalent) and above.

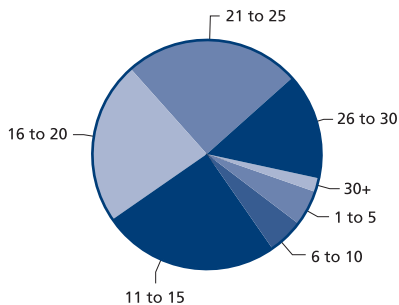
Roles Performed by Participants



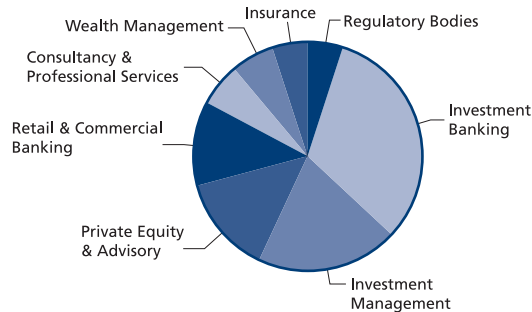
Participants by Area of Business



Years in Financial Services



Sectors Represented by Participants



Those currently working in the sector represent 54 organisations between them, which account for a combined turnover of over £500 billion. In short, they represent an extraordinarily wide spectrum of sub-sectors within financial services, from both the buy- and sell-side. Universal banks, investment banks, consumer finance companies, insurers, investment managers, advisory firms and private banks are all included.



Methodology

Over one hundred women took part in the study. In-depth interviews which averaged one hour 15 minutes in length were based on a questionnaire: 90% of the interviews were held in person, with the remainder taking place by telephone. All interviews were confidential and no responses are attributable. The interviews took place between October 2010 and February 2011. The overwhelming majority of participants were exceptionally open and forthcoming about their experiences.

Results were analysed by identifying the key themes. Participants were invited to take part in follow-up seminars, to provide discussion and debate around the findings, and to suggest actions that financial institutions can take to increase the number of women at senior levels.

When this research project started, a small number of organisations issued a directive that their staff would not be taking part; we make no assumptions as to the reasons why.

Following publication of this study, meetings will take place with executive and non-executive boards and heads of businesses from a range of banks and financial services companies, to share outcomes and action-points.



Findings

The findings represent the views of participants, obtained during the interview process, and are summarised under four key headings. Each section is prefaced by a quote, taken verbatim, from an interview. This quote does not necessarily reflect the full findings; however, it gives an accurate sense of the overall response within that particular area.

The Financial Services Sector

'Financial services is more testosterone-driven than other sectors, making it more difficult for women. Some women understand that culture, and can operate successfully within it – however, most women can't.'

This section considers the role of women within a male-dominated industry, in particular how comfortable – or uncomfortable – women are in that environment, what motivates them and what kind of roles they choose. There was a strong belief that, in order to survive and succeed, women actively choose that level of pressure but still must enjoy what they do.

'I had the appetite to put up with stressful situations that are high pressured and the unpalatable hours. Women think more about the balance of the job, and some decide not to put themselves in that position.'

Participants noted that women need to understand and respond to this environment.

'I have learned to operate in a male-dominated environment. The difficulty is how to interact with men, without being perceived as a bitch or a ball-breaker.'

The nature of work within this industry was described as 'sink-or-swim':

'Finance is a very tough industry. It is not flexible, especially if you want to succeed and progress, and it makes it very difficult for people to have anything else in their lives: family or other interests.'

Participants were acutely aware of the requirements and constraints of holding down a senior position. This was, in particular, in relation to the hours they needed to work.

The women recognised that there is a specific level at which female representation significantly drops in their organisations. For some this was expressed in terms of level of seniority, for others, in terms of age. The biggest hurdle for women was identified as the promotion from vice president (VP) or director upwards.

Many of the women interviewed are, or were, the sole female in an all-male senior team. Much mention was made of the fact that most of the executive committee or management team had non-working wives at home. Women highlighted the lack of domestic parity, which indicated a more serious or significant concern that senior men frequently had no appreciation or comprehension of the considerable personal, as well as professional, responsibilities of senior women. One woman commented:

'Men I have worked with, and for, have non-working wives. They have trouble understanding how women prioritise their lives. [Also] there was always an assumption that women were short-changing the company by taking time out for children.'



Roles within Financial Services

A high number of women were in, or had spent a large part of their career in, functional roles. These would typically be in the fields of law, finance, human resources, risk or compliance. There was evidence to suggest that work-life balance is more readily achieved in these areas rather than in a business role with profit and loss (P&L) or client facing responsibilities. There was also a view that a functional or technical specialism hinders progression beyond a certain point. Some interviewees from this background experienced difficulty moving into general management and/or board roles.

A strong perception emerged that, in general, working on the buy-side gives greater opportunity to take time out, and then re-enter the industry without limiting future progression. However, if the individual is directly involved with managing a fund, this would make such a break near impossible.

In some cases women felt that, on reflection, they had stayed too long in one role or company and should have moved on earlier, as soon as they stopped progressing at the same rate. This suggests that women may need help to be made aware of their capabilities – and encouragement to take the next step on the career ladder – to achieve their full potential.

Many women, particularly those who were in the most senior roles on boards, as executives or non-executives, explained they had focused on the success of the organisation, rather than their team or division. As such, they had gained broad experience in and across a number of roles and sub-sectors, which enabled them to move up. At times, this required what may have initially been a sideways move to broaden their experience, but they acknowledged it had been essential training for the top positions.

Compensation

Views on compensation were mixed, with a number of women acknowledging that this is an extremely difficult area to comment on, as contribution and performance can be subjective. Most women felt that there was parity in compensation between men and women in comparable roles. However, in many instances women and men were not considered to be in comparable roles, with high concentrations of men in front office, P&L, client facing and sales roles, which typically attract a higher level of variable compensation.

While some believed there was no parity in compensation, others, specifically those involved in the remuneration decision-making process, said that there was parity. In this area, behavioural differences were observed: it was believed that men are more likely to ask for, or to contest a bonus or pay rise, whereas women do not necessarily verbalise their disappointment. However, if they felt their trust had been broken, they would be much more likely to leave or consider offers from other firms.

Recruitment & Development

When asked whether their firm had a specific plan or approach to attracting, hiring and retaining women, only 38% of respondents were aware that this existed within the organisation. When questioned on the approach to recruitment, the women felt that boards/senior teams did not want to make what they perceived might be a 'risky' hire. One said:

'In the banking world, the current incumbents of the board do the selecting. There is a lot of liability; banks are highly leveraged – the liability of sitting on a board is huge – [so] they don't



want to take a risk, and they are unwilling to go for a broader, less established skill-set . It is a bit chicken and egg – Boards are selected from ex CEOs etc – [and] if women never make it to the C-suite [most senior executive level], they are unlikely to make it to the NED [non-executive director] suite.'

Another interviewee was quite blunt about how seats around the board are filled:

'Most board member positions are filled via personal contacts and connections with existing board members, who are male.'

It was also stated that a few high-profile but unsuccessful female appointments had damaged the perception of women in senior roles in financial services, making it even more difficult for certain individuals, or even institutions, to consider women for the top jobs. In some instances this will have created bias, often subconscious, that needs to be addressed.

While most financial services companies would say they had sophisticated performance management systems and processes, this was not borne out by the experiences of the women we interviewed. It was noted that 360 degree feedback appraisals were not always encouraged or used constructively. Examples were given where 'confidential' feedback was leaked and attributed, leading to uncomfortable confrontations.

Key findings:

- Participants were realistic about their choice of sector and the demands and level of commitment required to have a senior role and to be successful;
- being a woman had clearly not prevented them from achieving their senior position but several believed it meant that they had to do it differently, be better and/or work harder to gain the same recognition;
- compensation is a key motivator for women in the sector;
- many believe the gender pay gap is related to the types of role women are in (often support and infrastructure rather than P&L responsible).

Characteristics of Women who succeed in Financial Services

'I think it's the same for men and women: desire to improve the firm that I work for, desire to improve the small part of the firm that I'm responsible for, and a desire to avoid making mistakes.'

This section explores what individual qualities women thought they needed to develop, or demonstrate, in order to succeed. Some of these were in contrast to men's behaviours in the workplace; some complemented them.

When asked what made our interviewees stand out, many of the drivers mentioned were those that would be expected in any successful person: motivation, ambition, competitiveness, focus or the need to achieve. One woman said:

'I never think of myself as a woman at work, but as someone who has done well. I am creative, a good leader.'

The majority of women were motivated by their need to learn, stay challenged, achieve recognition and to interact with people. It was typically felt that senior women had strong competence in a number of areas, whereas male colleagues could demonstrate competence in a small number of areas and yet still be successful.



Even so, certain advantages of being in the minority were also highlighted. It made women more visible, albeit in relation to both successes and failures. One participant noted:

'As a woman, if you excel at what you do, you will be noticed and remembered.'

Style, approach and communication skills were mentioned as areas in which women stood out against male colleagues. One woman said:

'It is a positive being a woman, as I was less confrontational with the egotistical CEOs in the business.'

Another woman emphasised what she saw as the opportunity presented by her gender:

'It is easier being a woman, because of my ability to communicate, build relationships and multi-task. Also [there's] the fact that people underestimated me.'

An exceptionally strong theme of self-belief and resilience emerged. Many of the women in our study attributed this to the positive impact that family members had on them. They worked incredibly hard, and their confidence in their abilities stayed constant as they progressed. A number of participants spoke of their inner strengths:

*'Why have I got where I am? Staying power, sheer staying power. Never step off the path.'
'There's no reason to believe you can't do what you want to do. You can create, make and do things, if you have reasonable self-belief, the skills, and can read situations.'*

Some women put their success down to technical competence, but accepted that this could only get them so far. In some cases, they had thought strategically about how to find their niche. One woman spoke of her strategy in planning her career:

'I never felt that I would make it in my career by sitting on the trading floor, toughing it out with the 'gorillas.' I made a plan that would always make me different. Re-skilling every three years, and using mobility, were two factors that I feel have been key in my progress. I very much come from the school of hard work.'

Geographical mobility was also mentioned as having had a positive impact on career progression:

'The willingness to move countries helped me achieve quantum leaps in my career – moving to bigger opportunities, or helping the firm fill a need, gap or capability. You're thrown in at the deep end and you have to cope independently.'

It was felt that women were very delivery-focused, sometimes to their detriment; however, this was seen as a prerequisite for success.

'Always focus on delivery. If you continuously deliver, despite politics, you will rise to the top.'

In general the women in the study recognised the need to be strategic and political to progress and that these are not always areas of strength for women.

Authenticity was also remarked upon as a crucial attribute. Many women mentioned the fact that they had a 'light-bulb moment' in their careers, when they realised they would only succeed if they were true versions of themselves, rather than pretending to be someone they were not: this usually involved adopting typically 'male' behaviours to succeed in the workplace.



'I was never going to win on gravitas. I win on enthusiasm, which has counted in my favour throughout my career.'

In some areas of financial services, women felt it was impossible to display any degree of femininity and be successful; however, such views differed depending on areas of business, roles and organisational culture.

The majority of women in the study demonstrated high degrees of self-awareness – widely documented as a key attribute of good leaders – and had spent time understanding their strengths and weaknesses, building teams around them in both their work and their personal life. They said that it was essential to be clear on the compromises they were prepared to make, and the consequences of these on their professional and personal lives.

Building and maintaining relationships with colleagues and clients was seen as a particular female strength. They felt that strong emotional intelligence was a vital factor in their success. They refer to 'understanding others', 'dealing with conflict', 'not taking it too seriously' and 'enjoying it.' They saw their high emotional intelligence (EQ) as a bonus, not only in terms of their day-to-day role, but also in ensuring they were well-placed as strong contenders for opportunities to progress. Several women felt this was an area where women are naturally stronger than men, and therefore have an advantage.

Experiences of having female and male bosses were mixed: some women said they had never had a female boss and therefore couldn't comment. There was reference to the 'alpha female' leadership style being more prevalent in previous generations and in the trading environment. They felt they had to work to dispel the myth that only aggressive women could succeed in financial services; a view that was considered to have stemmed from the first female pioneers in the sector, who felt they needed to be, in the words of one interviewee, 'more masculine than the men to succeed'.

Crucially, self-perception is key. One woman summed it up succinctly:

'If you have an attitude where you think that, because you are a woman you won't succeed, then you won't.'

Key findings:

- Characteristics of successful people were not considered gender-specific;
- women in senior roles were considered to be highly competent. It was thought that men could achieve seniority without the same level of capability;
- participants who were most successful demonstrated resilience, self-awareness and self-belief;
- the importance of authenticity – doing it as themselves – and harnessing their own personal qualities.

The Impact of Children

'Women with children always have to make choices or sacrifices in their career.'

How does having children affect a woman's career? Do women make a conscious choice when or whether to have children, in order to further their career?



In our study, the women unanimously agreed that having children has a major impact on career progression. Many chose to have children either early, before commencing their career, or later, once they were more established in their careers. Some also opted not to have children, in order to focus on their work.

In a number of companies, the culture respected family life and supported female employees' decision to start, or expand a family. One interviewee said:

'There are challenges being a working parent – but, in my bank, people talk about their families and their family commitments. Respect for family life is critical for staff retention.'

Mothers said they were often judged differently to fathers. Leaving work half an hour early may be commented on negatively, while male colleagues – who regularly took time off for a sports day or parents' evening – were seen as 'champions of fatherhood'.

Many mothers call on the help of nannies, husbands, parents and friends to help them manage their lives. In a significant number of cases, the women interviewed were the main earners in their relationship: as a couple, they had taken the decision that her career would be more lucrative, and so would be prioritised. The women recognised the support of their partner, and that this was essential to their progression.

'My husband understands, and puts up with, the consequences of this career.'

'I have a supportive husband, who was willing to relocate to facilitate my career progression.'

A smaller number were in dual-career relationships. When this was the case, not all couples had children. Of those who did, grand-parents and staff were usually on hand to ensure the smooth running of life outside work. One participant said:

'I have an exceptionally supportive family environment. My mother worked throughout my childhood, and therefore I know it can work.'

Location was mentioned as a limiting factor for parents. One interviewee commented:

'Because most financial services companies are in the City (and the majority of people working in the City have some sort of commute), this is an extra strain and hassle factor for working mothers, who may be at a critical point in building their career.'

Flexibility

Many examples were given of flexibility in working arrangements for women in executive roles. The key finding was that employers – typically immediate bosses – took an individual approach in agreeing (usually informally, but sometimes contractually) the working arrangements of the women who required it. Their employers typically recognised their contribution was so significant that they were not concerned by a different working arrangement. One woman said:

'Flexibility is not just about offering part-time working. The smaller initiatives like flexi-time make a huge difference to people. It is especially important for younger people, as people are quicker to judge and criticise. By the time you are more senior, you can just tell people what you are doing, and it becomes easier to ignore unhelpful comments.'



Women commented that children are not just a commitment during maternity leave – in reality, as they get older, children often require more time, not less. Employers who are willing to recognise this, and adapt accordingly, were seen as being more skilled in employee engagement.

Writing in a Government report *Critical Times in Women's Employment*, Brewer & Paull (2006) propose that there are two crucial exit points for women: when a baby is born and when a child starts school. This report researched the behaviour of nearly 5,000 women across all sectors and showed that shifting childcare arrangements, along with changing school hours, has a significant impact on a woman's ability to work.

Several women who did not have children noted that they still wanted more of a work-life balance. There was a sense that they too wanted flexible working arrangements, but – as 'non-mothers' – felt they didn't quite 'qualify' for them. One woman said:

'At my firm, we automatically assume that, if you don't have children, you don't want a work-life balance. I, for example, cannot ask for a part-time working arrangement, because I don't have children. This sort of attitude has to change.'

However, some women had positive experiences. One woman said:

'My firm has fantastic work-life balance, and there are high levels of mutual respect in the team and business. This allows people to be themselves, rather than fitting into a corporate stereotype.'

Returning from Maternity Leave

It was clear from our interviews that women had mixed experiences in returning to work after maternity leave. Some came back to a 'non-job', as the firm had (wrongly) assumed they wouldn't want the same pace of career. Other women returned on a part-time basis, but were expected to perform a full-time role. One participant said:

'Banks lose women at VP level – companies don't proactively encourage women to come back – [so] when women do come back, they're not encouraged to work flexibly, and they're not considered for promotion. It discourages women to come back.'

One woman said:

'I can't do the hours. I'm constantly juggling. The first 8 months after maternity leave I had a huge workload – I was working until after midnight every night and I was exhausted. I have always been tough: in consultancy I would pull all-nighters all the time and it was fine, but babies really knock you sideways. It is not a matter of childcare – [it's just] people need to understand you can only really work certain hours and [at a certain] capacity. You need more support or your role changed slightly to enable you to work, and this needs to be understood and supported more.'

Another interviewee commented:

'In front-line roles, if you go on maternity leave, your space is not parked – you lose clients, your relationships are challenged. I don't know what the answer is, but at the moment we are not given a road-map that makes sense.'



Key findings:

- Some women, particularly in client-facing roles, have opted not to have children, in order to be successful;
- a personal support network, and particularly a supportive partner, featured highly: a significant number of participants have the lead career. Of those, a large number have partners at home;
- flexible working arrangements need to be transparent and clearly understood;
- returning from maternity leave is seen as one of the most difficult times to maintain career momentum and re-integrate fully into the business.

Professional Interactions

'As a woman within financial services, you need to accept that, in order to get ahead, you'll have to work harder than your male counterparts. There are a lot of mediocre men within financial services, who got where they are through contacts. It's not the same situation for women.'

Interaction is key to success in life and work, but women in financial services often find themselves in a 'boys' club', having to contend with male conventions and behaviours. How do women negotiate such norms, and indeed overcome them?

Several differences in men's and women's behaviours were observed by the interviewees, particularly in the context of promotion, progression and leadership. For instance, successful women were universally perceived as being clearly in their roles on merit. This was not the same for successful men, who were not always considered to have the necessary degree of competence to undertake their duties. One woman said:

'I am conscious that there are stereotypes. I have been able to get beyond them, by establishing relationships, and demonstrating what I can do.'

It was felt that men were seen to be more visible to seniors, and therefore more likely to be promoted. Female bosses gave examples of male direct reports, who would find any excuse to come to their office and be seen. In contrast, they spoke about coaching their female employees to be more visible in the organisation. One woman spoke about the need for greater prominence in this way:

'A long time ago, I had the view that if you work really hard, good things will happen; people will see what you do. I was mistaken: I didn't get a key job, because I wasn't more pushy. When I asked for feedback, I was told 'I have heard good things about you, but I don't know you.' I was livid. I thought: that won't ever happen to me again.'

The conventions for men's and women's behaviour at work were described as being markedly different. The majority of the women interviewed were firm in their belief that they had not allowed this to affect their progression: it was seen as an annoyance, rather than a real barrier. Examples were given where it was perceived acceptable for men to swear, but not women. Women were also judged more on their appearance than men. Some women in the study felt that social interaction with work colleagues is expected for men, and in some areas of financial services is still seen as how you really secure a promotion. When women act in a casual or friendly way, they were sometimes made to feel that it is in some way inappropriate. In some cases male bosses expressed concern at taking business trips with senior female colleagues, inferring this was a reputational risk.



The women interviewed had differing views on whether or not formal networking is valuable. However, whether or not it was acknowledged, virtually all of them had a strong, informal network of advisers, which they had added to throughout different stages in their lives. Typically they built strong relationships with people from each of the companies they had worked for. Usually their partner was mentioned as a strong support and a key adviser/mentor. One woman said:

'I have sounding boards – but nothing formal. I don't find reaching decisions difficult – normally I want to sound off, if [I'm] frustrated, then I have another go at the task.'

The professional benefits of networking were highlighted as sharing experiences, relationship building, profile-raising, and being introduced to more opportunities. One woman placed her entire career advancement on her network of contacts, saying:

'I've got all of my jobs through my network.'

While the terms 'mentoring' and 'sponsorship' were sometimes used interchangeably, sponsorship – defined as one or more patrons who can actively champion and positively influence an individual – was one of the best tools women used to develop their careers. A number of women credited sponsors for their progression, particularly at career-breakthrough moments, or when working in pivotal roles. One interviewee said:

'I was helped by sponsorship, which has opened doors. But you have to be able to step up and prove yourself, when you're in the role.'

Many women spoke positively about the role of strong male sponsors in particular (most often bosses), who saw certain qualities in them, and encouraged them to take on more challenging responsibilities. A participant said:

'Someone senior sponsored me, and believed I had potential; this then gave me confidence and support.'

Half of the women have or have had mentors in the past. Meanwhile, about a quarter of the women interviewed said they act as a mentor to men and/or women both internally and externally. Several women highlighted the importance of coaching in their career progression, particularly when transitioning into a new role.

A number of women mentioned that formal mentoring programmes exist for women within their organisations, with the aim of developing a cadre of potential women candidates for senior roles in that company's future. In the majority of cases, the participants themselves had not taken part in such a scheme as a mentee, although several are now acting as mentors. Informal mentoring was more common for our interviewees, with a small number of women reporting that they were part of a formal programme.

Of those who had mentors, the majority were male. This was thought to be a result of the small pool of senior women in the previous generation. One woman said:

'I mentor women and men officially and unofficially. People did it for me. I personally think it's invaluable, and my door is always open.'



Key findings:

- Conventions for men's and women's behaviour at work varied, and the same behaviour in men and women could be labelled and interpreted differently;
- sponsorship is essential. Most women referenced key male sponsors who had been influential in their progression. There was a general lack of senior women to act as sponsors;
- most women had informal mentors and many were mentors themselves. This was seen as helpful for women rising through the ranks.



Action Plan for Change

The need to improve diversity and inclusion remains a challenge within the financial services sector. During the economic crisis, diversity received less publicity in the media, as government buy-outs and the increasing pressures of regulation and bankers' bonuses took centre stage. The recent review by Lord Davies, *Women on Boards*, and other reports have once more redirected the spotlight onto the issue of the lack of women in senior positions.

Financial services companies have spent significant time and money addressing gender diversity in their organisations. In some institutions, specialist teams are dedicated to improving diversity and inclusion. So why does gender diversity continue to be a challenge for the financial services sector?

The following paragraphs aim to distil the findings discussed in the previous chapter. Additional recommendations have been included for companies to consider as 'next steps' and to assist in overcoming the key challenges identified to achieving true gender diversity.

Accountability

Improving gender diversity requires having the right leadership in place: leadership that understands the commercial and strategic value of diversity. Without this, very few women will reach the top table if senior teams continue to appoint 'in their own image'.

'Most board member positions are filled via personal contacts and connections with existing board members, who are male.'

In order to emphasise the need for gender diversity, there needs to be a greater degree of focus in the boardroom. The findings show a clear argument for creating more accountability for improving the gender diversity at board level.

'There are at least 10 factors that the typical bank CEO would place ahead of gender diversity in considering the composition of his board. Achieving gender diversity in the management ranks (and board) is simply not on the shortlist of day-to-day priorities for any financial services CEO that I have met during my long career.'

Lessons can be learnt from other industries. At Eastman Kodak, diversity and inclusion is at the heart of running the business. At a summit dedicated to diversity, three key strategies were announced to integrate diversity into board work, namely to:

- create a specific board committee on diversity;
- make diversity and inclusion part of the agenda of an existing board committee;
- make diversity and inclusion the responsibility of the whole board.

Antonio Perez, Chairman and CEO of Eastman Kodak, reflected on the rationale behind these action-points:

'As CEO, I report to the board. The board demands results. Results normally start with the business plan. If diversity — diversity of thought and representation — is not embedded in those business goals, the board is not going to demand that you perform in that area, and what gets measured gets done. At the end of the day, there are so many things to do; human beings tend to do first the fundamentals and then the rest. If diversity becomes part of 'the rest', it will never be done.'



There could be improvements in transparency: when diversity statistics are reported externally, there is much emphasis on what has been done right. While successes should indeed be celebrated, what is not going so well is generally overlooked and therefore insufficient emphasis is placed on what could be improved. There was a widespread belief that financial services companies are reluctant to publish their diversity figures, even internally. They do not want to be seen as 'worse' than any of their competitors.

Accountability is not simply the responsibility of the board; rather, it needs to permeate the entire organisation. Until companies and departments rigorously review, evaluate and provide full disclosure on diversity, it will be near impossible to know where to focus and what to change. Diversity champions should be identified across all business areas who will work collaboratively on monitoring, evaluation and reporting to ensure diversity is embedded.

Accountability: Recommendations

- Create a specific board committee on diversity;
- make the whole board responsible and accountable for diversity and inclusion;
- ensure the board is accountable to staff, shareholders, investors and clients in respect of key performance indicators in this area;
- make a specific board member responsible for monitoring and evaluation which could include:
 - reporting on diversity, creating a virtuous loop of target setting and reporting;
 - highlighting what has been done in the preceding period;
 - focusing on areas of improvement in the coming months;
 - disclosing percentage breakdowns of the number of women in senior positions – if not in the annual report or in publicly available documents – then certainly internally.

Diversity as a Business Imperative

It is crucial to focus on the business case. Research participants underlined the need to 'shine a spotlight' on the economic benefits of gender diversity. The financial services sector needs to be profitable; therefore a clear link between diversity strategies and business success must be established. This needs to be done in a sophisticated, non-patronising and, most importantly, commercial way. There are countless illustrations where gender balance makes strong commercial sense to organisations but each company needs to have a business case specific to their particular organisation. Participants believed that if the CEO made people answerable for diversity, this would create an incentive.

While in some institutions, credit is given to people who value and demonstrate diversity in decision-making, in the vast majority of instances, this is not tied to deliverables or reward. During this study, participants demonstrated support for linking diversity objectives to reward in order to promote behavioural and cultural change.

Regardless of the policies that are in place across the financial services sector, the study findings only identified one institution where progress on diversity is tied to bonuses. Other banks were mentioned that have similar schemes but reward was not adversely affected by not achieving diversity targets, as long as business performance is strong.

A clear message from the study was that a direct link to the executive committee would drive improvements in the areas of diversity and inclusion. While it was recognised that there is



naturally a strong link with Human Resources (given their responsibility for programme implementation), strategy and design were considered to require input and collaboration from the executive team.

It was thought that by placing responsibility for diversity within a management function that is frequently perceived as more supportive than strategic weakens the positioning of diversity within the business as a whole, since it is distanced from the core business objectives and decision makers.

Often strategic planning and implementation for diversity sits squarely within the HR function. It is important to highlight that diversity should not be HR's task alone. Rather, diversity needs to become everyone's responsibility, to become a core part of broader business decisions.

Responsibility and ownership are very important in encouraging diversity. The need to develop and embed gender diversity best practice is key to making progress in this area. Our findings show that it is important that responsibility for 'living and breathing' diversity sits with everyone in their day-to-day work and interactions. Further, if gender diversity is positioned as an 'initiative' or a 'programme' it is unlikely to become habitual and second nature.

It is important that line managers, employees and HR professionals take responsibility for understanding and implementing best practice.

Gender diversity is not a 'women's issue'. As most leaders within the financial services industry are currently men, it was felt that, unless and until men believe there are business benefits to gender diversity, the number of women in senior teams will not increase. Therefore, both men and women should play a critical role in promoting the benefits of appointing more women at senior levels. If the case for gender diversity is owned and delivered solely by women then it fundamentally misses the point: it is a business issue. If this means persuading men to change their behaviours then it helps to have a combination of men and women delivering the message.

The significance of appropriate and aspirational role models was highlighted, as was the deterrent effect of having inappropriate or no role models (of either sex).

Diversity as a Business Imperative: Recommendations

- Define and promote the business case for diversity;
- link financial incentive to diversity achievements;
- diversity and inclusion should report directly to the executive committee, spearheaded by an experienced leader with the requisite competencies;
- set clear diversity and inclusion objectives across all business areas;
- make networking inclusive – it should be seen as a business tool, rather than an extracurricular activity;
- identify diversity champions from each area of the business to work together;
- male gender diversity champions are required to ensure the topic remains a business priority and is not marginalised;
- ensure leadership styles are culturally inclusive.



Recruitment and Selection

For the board to acquire greater accountability for achieving gender diversity, it is important to model best practice in the boardroom, which means ensuring that the make-up of the board reflects the diversity profile the company is aiming to achieve.

This research identifies a strong perception that senior executives, men and also sometimes women, are employed because they'll fit into 'the old boys' network'. Further, some women who do get to the top do so by imitating male characteristics. This suggests that these board members are appointed, at least in part, because they are a 'safe bet'. If this is the case it goes some way to explaining why there is limited potential for having a diverse team at board level and highlights the need to review the selection procedures for board members.

It is important to pinpoint specific areas of under-representation. Currently banks monitor and track statistics of women (by division and role) who apply for positions and are interviewed and hired. Not only is this critical to measuring and evaluating the progress of gender diversity strategies, it is also important to identifying the key areas for focus. By creating more transparency around key gender diversity problem areas, it is possible to research these areas of the business and create relevant, targeted strategies.

In Lord Davies' report *Women on Boards*, he recommends a best practice code for executive search firms tasked with board level and other senior appointments. Adherence by all search firms to this code of practice will facilitate increased female representation, on merit, in the boardroom. Diversity reporting should be standard practice for executive search.

Including internal and external candidates in a search process was highlighted by participants as an effective means of providing independent feedback, a development opportunity and improving employee engagement. The importance of having a consistent approach to talent management for both genders was highlighted.

Some participants suggested that there could be stricter monitoring of the internal advertisement of non-confidential projects or roles. This could generate a higher response from women, who can be less 'visible' than their male counterparts and therefore less likely to be 'tapped on the shoulder' for a role.

Recruitment and Selection: Recommendations

- Ensure the board is diverse, in terms of experience and background;
- focus on the areas of least representation within the business to improve female intake at all levels;
- analyse female graduate intake and ensure this is consistent across all areas of the business;
- use independent advisors in recruitment panels;
- include internal and external candidates in a search process;
- demand diversity reporting from search firms;
- insist search firms produce diverse longlists.

Leadership Development

There is a need to create more visible opportunities for women. Many women work on the assumption that they will get noticed by doing a good job. The high-achieving women who took part in this study were at pains to underline that this was not enough: women need



to be far more strategic about their advancement. The research also identified the role of companies facilitating leadership development by creating profile-raising opportunities.

Moving onto a board for the first time is challenging for any candidate. Identifying top performers early, and giving them the opportunity to participate in committees, or as non-executive directors on internal boards, would also support women in developing their leadership skills, realising that potential, and expanding their networks.

Some interviewees felt that graduate and management training schemes were not correctly formulated to give people the breadth required to progress to a senior role. One woman said:

'Graduate training programmes aren't working, because they are in silos: in my experience, at more senior levels, people are recruited externally, whilst there are cost benefits to recruiting internally – there is potential, but this isn't used. We need to develop the specific experience the business requires.'

This suggests that there is potential to review training programmes to align them more closely with the leadership needs of the business. The fact that companies are recruiting externally for a high percentage of mid and senior level positions suggests that graduate and management training programmes are not providing sufficient return on investment - that 'return' being access, internally, to top talent who have the ability to move up to the next level.

Participants highlighted the need for specific career development from an early stage – at or before VP level – to learn to be strategic and political within the context of their own values. It was felt that this was an area women often benefited from in training and/or coaching.

Leadership Development: Recommendations

- Provide more formalised access to senior management for junior women;
- identify high-potential women and structure development plans which place them on committees or divisional boards;
- train hiring managers and board members, to address conscious or subconscious biases in recruitment and promotion decisions.

Support and Flexibility

It was suggested that managers, department and business heads may be unsure how to react when a member of staff announces she is pregnant. Some of the women in our study felt that business heads erred on the side of making little or no contact during the maternity leave period, so as not to be seen as harassing a woman into returning to work. This suggests that there is a case for a more tailored, mutually agreed approach, rather than making assumptions about an individual's preferences. For example, some women want the opportunity to stay in contact while on maternity leave. Keeping in touch was identified as a way of making the transition back into their job much smoother. One example might be for a woman on maternity/adoption leave to dial-in to a monthly meeting.

A central finding of our study is that going back to the workplace after maternity leave was considered by far the most difficult period in a woman's career. Participants reported inaccurate assumptions being made by some employers, regarding how successfully women are able to return to work. It was suggested that someone in the organisation – very possibly a HR professional – could be tasked with the specific role of working with pregnant women



and women on adoption leave, and reintegrating them. Executive maternity coaching was mentioned as something women had seen introduced in their businesses but typically had not been available to them when they had children.

Participants gave views on why they felt women in the businesses they had worked for had left the industry or the firm after having children. Poor line management, poor HR practices, inadequate thought given to job design and lack of available flexibility or unsupportive extended teams were cited as possible reasons. It was felt that in some instances, often after the second child, some women are unable to create a balance that feels sustainable and either leave the industry or move to companies where they have greater flexibility, a more supportive work environment for parents and/or greater career opportunities. It was felt by several that investing time and resource in managing this process better would lead to improved engagement and retention.

Some women also mentioned that their firms offer financial incentives to women returning from maternity leave. This is an area of reward which merits further exploration and innovation.

The high level of commitment in a senior role means that there is limited time available to organise one's personal life and this is exacerbated after having children. If the company's most talented employees can rely on assistance to identify and organise tradespeople, childcare and travel, they will have more time to commit to the business, and be more relaxed and productive.

There is often a perceived lack of organisational commitment to flexible working practices. This presents itself as a significant obstacle to gender diversity. There is a strong case for making efforts to remove any stigma attached to flexible working policies. Given that this is usually firmly embedded in organisational culture, the approach needs to be specific to the organisation concerned.

One participant in our survey summed up the advantages of companies taking a flexible approach to working arrangements:

'The more we can treat people as individuals, rather than fitting them into a structure, the more this should lead to quality people remaining in the business.'

In other words, if the person in question was deemed the best person for the job, the company was willing to make it work.

Support and Flexibility: Recommendations

- Take a flexible approach to maternity/paternity/adoption leave;
- improve women's reintegration after maternity/adoption leave;
- nominate a key person, with the specific role of supporting women, and reintegrating them post-maternity/adoption leave;
- provide tailored support around maternity transition;
- provide a concierge service.



Conclusions

Women are not a homogenous group. To make generalisations would be unwise. Women's experiences differ radically according to a number of factors including their parenting, country of origin and ethnic and religious backgrounds. Crucially, they receive different types of education and work in different roles and environments.

Within the parameters of our study, however, a number of conclusions can be drawn. First, in terms of age, a number of women felt that gender became less of an issue for them as they grew older (generally over 40, although some said over 50). Possibly because as they moved into more senior positions, they felt a greater sense of confidence.

Several of the women commented that they have had to work hard to survive, to take risks, and to 'take on' the men. If they had not done this, they said, they simply would not have made the progress they wanted to in their careers. These women put value in collaborative behaviour: they felt that many women were not as egocentric as men, and tended to work together well.

However, there were also references to some women competing with other women. There was a view that as they were often the only women in a male-dominated industry, since no one had helped them, 'why should they help anyone else?' This view, it was conceded, might lead to unhelpful behaviours.

The stand-out finding from all the women interviewed is that they are hugely positive, with a strong sense of self-worth, one which has kept them going in the pursuit of their careers. Not all of them had the same educational background or took the same route into the financial sector; what they did have in common was their sheer determination to be successful.

Several women did not see gender as an issue. They spoke out strongly about wanting to be judged on merit, working hard to achieve their goals, and certainly not wanting to belong to all-women groups and/or having women-only programmes. Other women, however, said that their gender and its visibility was a positive because they were noticed and remembered.



Moving Forward

There are numerous reasons for having more women in senior management positions in financial services organisations: this report notes the overwhelming commercial benefits to an organisation of diversity in the senior team. A number of other studies have also shown the enormous economic advantages that can be enjoyed by companies, their clients, employees, stakeholders and suppliers. The evidence, then, is increasing.

A number of recommendations can, and should, be carried forward on the basis of this study. We need to look more closely into how women re-enter the workplace after maternity or adoption leave; how they work, on a day-to-day basis, in a traditionally masculine culture; and how they raise their profile and gain valuable board experience. Even so, the mood is changing profoundly. This is, after all, a study of over 100 women, who have indisputably 'made it.' Their thoughts, observations and – most of all – their presence in the top echelons of their companies will doubtless inspire the next generation of female leaders.

In Lord Davies' report, *Women on Boards*, he firmly supports greater participation and representation of women at senior levels in the financial services industry. He writes: 'Chairmen and chief executives of UK companies need to take action, supported by others in the corporate world, including investors and executive search firms.' This report strongly endorses his conclusions.



Advice

The advice from participants was plentiful and varied. While it relates to women in the workplace, much of it is applicable to both genders. This is a representative selection of comments given by the participants.

Commitment

'You have to realise that it is a competitive and demanding environment but one that you can make work for you.'

'You can't expect any favours because you're a woman and you're in a minority. If you're not performing, you won't advance.'

'You must understand processes and systems and not be put off by being female in a male-dominated environment. Be conscious of what you can do better than your male counterpart.'

'You need to be tough and don't let things take you off course.'

'If the firm is not supportive, change firms.'

Self-Awareness & Self-Management

'Don't underestimate your strengths. Don't confuse confidence and arrogance. Stay in it, stay at it. Be self-aware, know what you're good at, what works.'

'Be yourself. Don't try to be one of the men. Don't try to be too formal.'

'Set your goals from the beginning. True advancement to C-level will be a challenging road – you must enjoy the trip, not only the destination.'

'Have a considered view and don't react to situations.'

'Seek out a mentor: your boss is not a mentor.'

'Always have four people other than your boss in your company who'll sponsor you. People move on and one's not enough.'

Relationship Management

'Be good to the people above and below you. They will be your biggest advocates.'

'Be proactive about helping other women.'

'Reflect on how men think and approach a situation: this should better equip you to deal effectively with most challenges.'

'Build your profile so that you are well-known throughout the firm and considered for roles as they appear.'



'If your boss isn't supportive of your promotion, advancement, compensation, etc., change to a different business area.'

Choices

'It is up to you to decide how you want your career to evolve. It requires a lot of personal effort.'

'Make your own choices and accept the consequences. Speak your mind.'

'You can make choices in your personal and your professional life but then you have to take responsibility for them.'

'Unless you have a specific passion for it, avoid HR, compliance and marketing. While these are absolutely critical to a successful business, they are viewed as cost centres, not profit centres.'

'If you're not in a front office role, it's even more important to measure the economic benefit and value of what you do.'

Work-Life Balance

'Pace yourself: find those things outside work which help you cope inside work.'

'You can't expect to be less available and yet more successful. For example, maternity leave is bound to have an impact on your work because you are simply not around, so understand that.'

'Make sure your work and home life is not too intermingled – you need other things in life that make you about who you are, such as travel, movies or photography.'

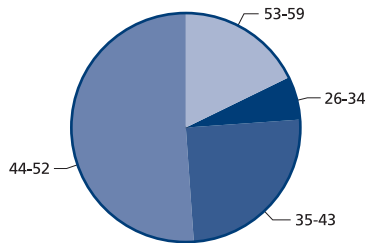
'Be organised as hell in your private life to minimise your own stress and to minimise the possibility that personal admin spills into your professional time. Make sure you have 'back up plans' in place – especially if you have children.'

'If you take significant time off with children, stay in touch with some frequency – organisations have very short memories.'

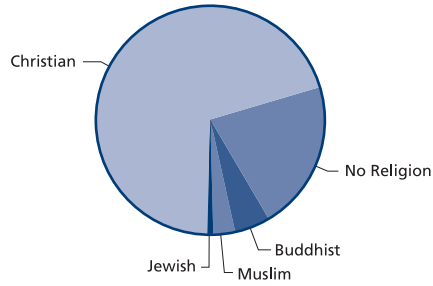


Diversity Monitoring Data

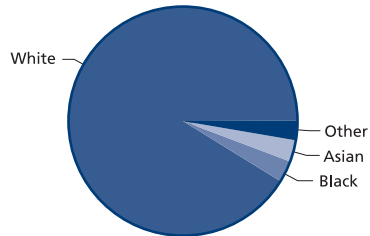
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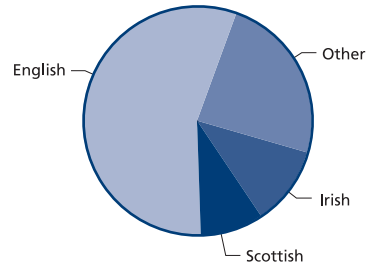
Religion or Belief



Ethnicity

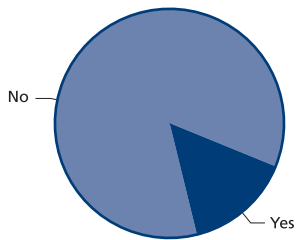


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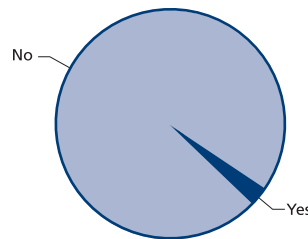


Disability

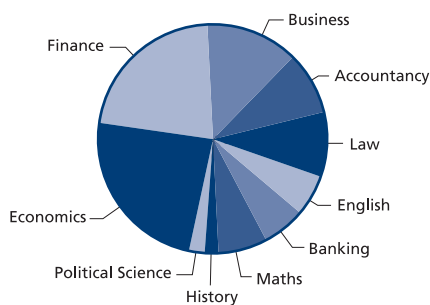
Do you look after, or give any help or support to family members or friends because of either long-term physical or mental ill-health/disability?



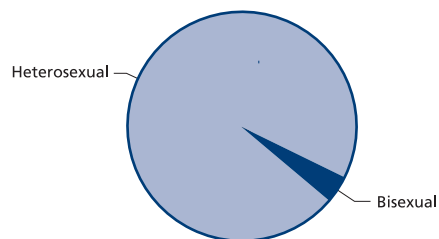
Do you consider yourself disabled?



Degree Subject Studied



Sexual Orientation





About Odgers Berndtson

Odgers Berndtson is one of the leading international executive search firms and the largest in the UK. Our reputation for excellence and integrity has been established over 40 years. We act as trusted advisors to clients who need help recruiting for important positions.

In the UK we work in all commercial and financial sectors and we have strong teams serving government, health, education and charities. We have significant financial services teams in all key financial markets and work for a range of clients: some of the largest and most complex financial institutions in the world, as well as smaller, specialist firms, regulators, and private capital backed ventures. We also have functional teams which specialise in recruiting for the main management functions. Our Interim division can help fill interim executive roles and our assessment team offer a wide range of evaluation solutions.

The firm has over 300 people in London, as well as offices in Scotland, Wales, the Midlands and the North. In total, we have over 150 fee earning consultants and 70 researchers serving the UK market. Internationally we have offices in more than 50 countries.

About Muika Leadership

Muika Leadership are corporate leadership experts who deliver powerful and targeted learning and development programmes. The business has conducted a number of research studies over many years focusing on the under representation of minority groups in senior management positions. The findings of their research have been used to inform organisational development strategies, training development programmes and recruitment initiatives.

Muika Leadership has over two decades of specialist skills and experience in designing and delivering development programmes. The firm's knowledge of corporate leadership has been generated from training and developing almost 20,000 business women and men across a range of firms, public institutions and government organisations in the UK, Europe, Africa and North America. Muika Leadership's development consultants come from diverse backgrounds and experiences, a factor that the company acknowledges as a key strength.

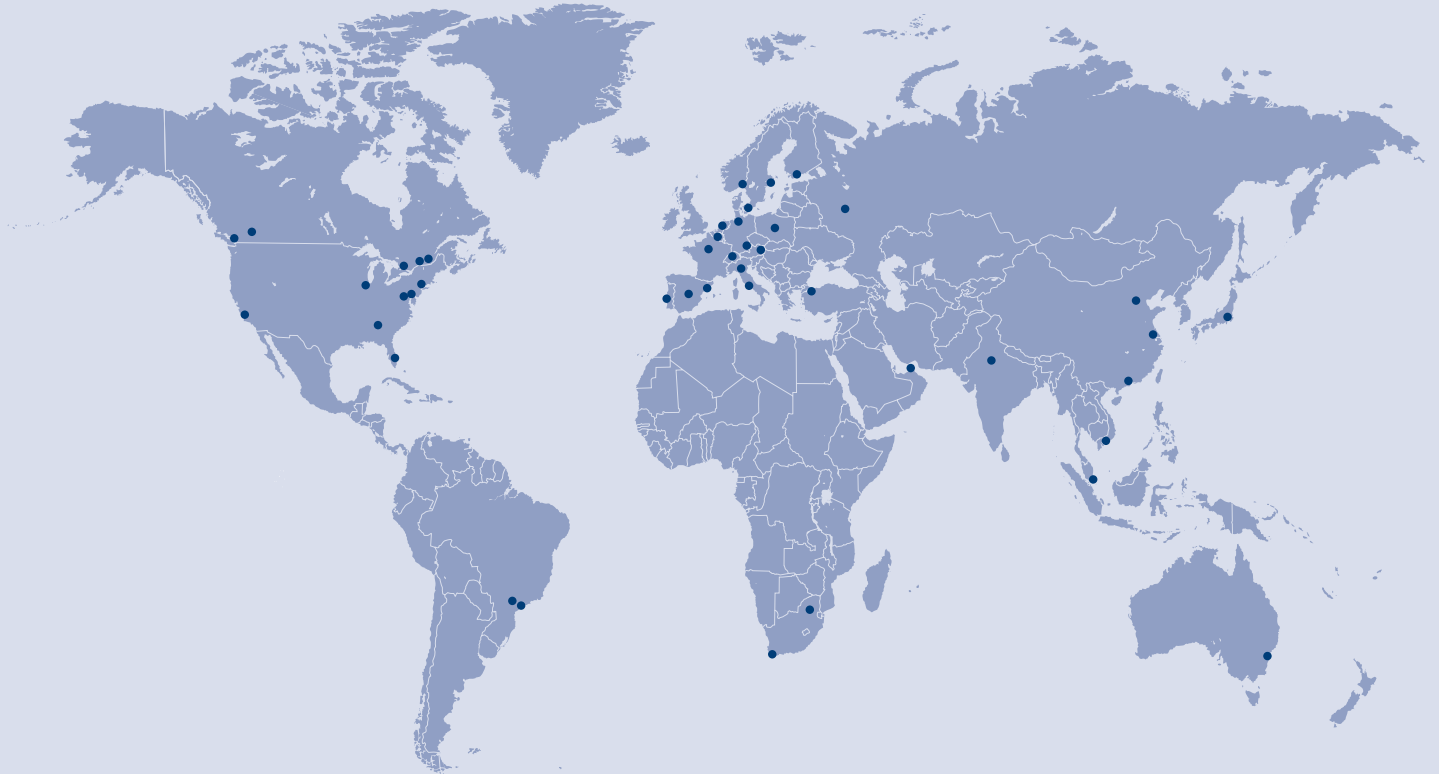
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