Key challenges to creating gender balance at all levels of the organisation

Caroline Followell
Business Development Manager and Executive Coach
Foreword

At Henley Business School we have the privilege of supporting women at all stages of their careers, from school leavers entering higher education who are exploring their future pathways to those participating in leadership programmes as part of their executive development. Our mission is to empower those individuals to achieve their own ambitions – becoming great professionals and outstanding business leaders. Clarity, confidence and conviction lie at the heart of their success.

This is exactly what we heard from the many women who participated in the essay competition. The issues raised about the challenges faced by women in their careers mirrored what we find at the Business School, particularly the issue of confidence. One of the aspects that we feel is distinctive about the Henley approach is our commitment to personal development – helping people to better understand themselves and how they can succeed. This is often highlighted by graduates as the most impactful part of their programmes and is at the core of our leadership development philosophy.

Working with the 30% Club and Financial Times in identifying a woman, Surbjit Kaur, to participate in our Executive MBA programme has been a highly rewarding experience. Surbjit’s submission was both engaging and thought-provoking; however, the ideas presented by many of the entrants were impressive. It is clear that this touched a real vein in professional women’s lives and they not only drew on some excellent research but also brought their essays to life with reflections on their own careers. This paper is our attempt to consolidate many of those contributions and draw together the wide-ranging research that underpinned their work. We hope that you find these findings interesting and enlightening.

Professor Ginny Gibson
Deputy Dean, Henley Business School
The 30% Club has always looked to take positive action. So I was delighted when Henley Business School approached us about setting up an MBA scholarship in partnership with the Financial Times to enable the development of strong female talent.

As founder of the 30% Club I believe that creating more gender balance at all company levels is imperative to the future success of UK business; however, it will take multiple efforts to create sustainable and meaningful change. In reading through the scholarship entries I was encouraged that so many talented women had taken the initiative to not only clearly articulate the barriers they see to making it to the very top but to outline actions that organisations and governments can take to address this imbalance.

Clearly there will be challenges on the road ahead but the research compiled by Henley, based on the voices of ambitious and talented women, will add further weight to the argument and be a stepping stone for change. My congratulations to Surbjit Kaur, our 2013 winner!

Helena Morrissey CBE
CEO of Newton Investment Management and Founder of the 30% Club

Judging the entries for a scholarship competition run by Henley Business School, the 30% Club and the Financial Times was not quite how I had planned to spend the final day of my summer holiday. But it was stimulating and rewarding nonetheless, especially as many of the essays raised issues that attracted the attention of my two university-age daughters.

Financial Times Executive Appointments and the FT’s Non-Executive Directors’ Club are delighted to be associated with this project and the resulting report, which thoughtfully captures the many and varied ideas expressed by the scholarship competition entrants. It is not easy finding new ways of expressing the rationale behind the drive for more women in senior business roles, but many of the essays managed it, especially the winner, Surbjit Kaur. I congratulate them all and thank them for being so open, honest and revealing.

As someone who has stated in print his desire to see 60% of board membership consisting of women – partly on the grounds that the chaps haven’t exactly made a brilliant job of it lately – I need little convincing of the value an improved gender balance in business leadership would bring.

I believe – and this is largely confirmed by the weight of sentiment in the scholarship essays – that a prime reason for women either being sidelined, or sideling themselves, as they rise up the corporate ladder is the prevailing business culture. Workplaces are, in general, built by men, for men and no matter how genuinely well-meaning the many supportive male business leaders are, they cannot affect this fundamental flaw in the system. If this report moves the debate towards the possibility of re-engineering the workplace in line with a new set of priorities that place people and their broader lives at the top, then I will have been proud to be a small part of it.

Peter Whitehead
Editor of Financial Times Executive Appointments and the FT’s Non-Executive Directors’ Club
Overview

In September 2013, the 30% Club and Henley Business School awarded a fully-funded Woman in Leadership Scholarship, worth £34,000, to the Henley Business School Executive MBA programme. Henley’s Executive MBA is a world-renowned programme for developing senior managers, encouraging and enabling them to meet their true potential. The Business School’s unique position, retaining the highest proportion of female faculty in the UK (Financial Times, 2012), enables it to make a significant contribution to women’s education; with over 1,000 women participating in programmes from undergraduate to MBA and executive education at any one time.

The 30% Club’s enthusiastic support for the scholarship reflects the ethos for the organisation’s ‘Balancing the Pyramid’ initiative, which aims to encourage and increase female gender balance across all organisational levels. The competition was also run in association with the Financial Times and Peter Whitehead, Editor of Financial Times Executive Appointments and the FT’s Non-Executive Directors’ Club, was on the judging panel.

Scholarship applicants were asked to address the question of, ‘What are the key challenges to creating a gender balance at all levels in organisations?’ The calibre of entrants was extremely high and a diverse range of perspectives was provided.

The scholarship winner, Surbjit Kaur, provided an insightful and nuanced consideration of the internal and external factors that impact on the imbalance, including gender inequality being ingrained in organisational culture and processes. Surbjit commented that often ‘organisations pay homage to the value of diversity and inclusiveness, (however) commitment and action...is limited at best’, with many leaders being seen to be ‘talking the talk but not walking the walk’. She identified further challenges, such as women’s lack of ‘concentration, connections and confidence’ to aspire to, and secure, senior management roles. Surbjit began her career as an environmental scientist, moved into consulting six years ago, and currently holds a senior manager role with EY in Supply Chain and Operations London as Transition Manager for the Energy and Assets Market.

Introduction

In considering the gender balance issue, focus is drawn to the many and complex challenges women may face during their journey to senior management positions and ultimately the board; be it through formal or informal barriers such as social, cultural or structural considerations.

While women enter the workforce in equal numbers to men and typically aim for senior management positions; the challenge of maintaining an authentic leadership style in the face of unconscious bias often becomes an excessive price to pay for success. At this juncture, women either come to accept their limited career progression, or leave the workforce altogether.

This paper examines the key findings from the scholarship submissions; it draws conclusions and presents recommendations for consideration by organisations and employees alike. Numerous pertinent challenges were articulated by the applicants including: the organisation culture and unconscious bias; the
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‘leaking pipeline’; rewarding ‘presenteeism’ versus productivity; the work/life balance especially in relation to children and/or ageing family commitments; limited appropriate networking, mentoring and sponsorship opportunities; the ‘imposter syndrome’ and women’s own lack of confidence in their ability to put themselves forward for senior roles.

In conjunction with the challenges, various solutions were proffered, such as changing organisational culture, with support from CEO down, to best realise equality in hiring and transparency in the promotion process. Also cited was the availability of effective networking, mentoring and sponsorship opportunities at the right level, coupled with the importance of flexible working options for both men and women and work being measured by productivity versus hours at the desk.

The investigation employed a qualitative data collection methodology collating the 1,300 word (max) essays and using template analysis to thematically organise and analyse the textual data. The findings are underpinned by research conducted at Henley Business School by Caroline Followell, Business Development Manager and Executive Coach.

Women’s positive economic impact

Extensive literature has been published around gender balance coupled with the economic imperative for organisations to nurture and retain the best talent for their leadership pipelines – a poignant consideration due to the decline in the European Union talent pool resulting from falling birth rates and an ageing population. Research conducted by the Institute of Leadership and Management (ILM) concluded that for the UK to remain competitive:

‘UK employers will need to have identified, recruited and developed an additional 2.2 million new managers between 2007 and 2017’

(ILM, 2012: 1, 15)

As women make up 46% of the UK workforce (Office of National Statistics, 2012) there is a strong economic imperative for women to remain in the workforce and undertake a representative proportion of those management roles. A point reinforced by one scholarship candidate who noted that ‘working women have the potential to increase the UK GDP by 5%’ (The Economist, 2012).

Women on boards

A further critical consideration for companies, to retain and support women progressing to senior management positions and ultimately the board, is their proven positive economic impact on an organisation’s bottom line. This is not just about gender balance and equality, but about enhancing company decision-making through best use of all available perspectives, ideas and skills.

Increased gender diverse boards have also been found to bring the benefit of a wider range of knowledge and perspectives, opinions and experiences, which greatly enhances creativity and innovative solutions (Adams & Ferreira, 2004; Hillman et al, 2007; Miller, 2009).

Evidence shows that companies with more women on their boards outperform their rivals with a ‘42% higher return on sales, 66% higher return on invested capital and 53% higher return on equity’ (Catalyst, 2007: 1). These findings are confirmed through numerous studies, such as Newton (2011: 13), which identify a ‘positive correlation between a diverse board membership and financial returns’.
The Davies Report (2011) cited that gender-diverse boards are:

‘better able to understand their customers and stakeholders and to benefit from fresh perspectives, new ideas, vigorous challenge and broad experience’

(Davies Report, 2011: 7)

Research shows that while women have no problem entering the workforce at junior level as, ‘69% of the executive workforce is now female... 40% of department heads are female and only one in four chief executives, 24%’ (CIMA, 2012: 3) further support is clearly required at mid-management level to better enable women’s progression into more senior management positions.

The Catalyst (2010: 9) report commented that CEOs and other senior leaders were needed to ‘better develop and fully leverage talented women in the workforce...to uncover and combat systemic gender inequality’. McKinsey (2010) emphasised the need for clear and transparent support from the CEO down in order to better facilitate women’s progress.

Key challenges to gender balance

Detailed below are some of the key challenges highlighted by the scholarship applicants.

Education and career choices

Some of the scholarship essays identified the challenges that arise from the early choices males and females make in education relative to subjects studied, a point noted in OECD (2012). Girls are still largely under-represented in science, technology, engineering and mathematics (STEM) subjects, which are in great demand in the labour market. Cultural influence must also be considered in emerging markets where sons are openly favoured over daughters for education and work opportunities. One candidate explained that often ‘the mentality is so engrained in...many communities that owing to either family values or due to lack of skills and education, women are prevented from entering the workforce and making a success of themselves.’

Girls have also been found to prefer to study humanities, which impacts on the type of occupations they follow. Interestingly, initial findings from research by YSC in collaboration with KPMG (2013), which focused on gender intelligent approach to developing male and female corporate leaders, found that ‘women tend to make more lateral (career) moves than men over the same time span with a mid-life career surge’. This may impact on women's career progression.

Clarity of direction and purpose

An ILM (2011) study found that many women at the outset of their career also lack clarity of direction and purpose. They therefore often have lower career ambitions and expectations. A challenging area comes from lack of confidence and self-belief.

‘half of women managers admit to feelings of self-doubt, but only 31% of men do’

(ILM, 2011: 4)

This lack of self-belief hinders women from applying for promotions and more senior roles. Even among the under 30s only 30% of women expect to become managers, against 45% of men of the same age. Surbjet identified ‘the lack of
confidence in their own ability is probably the greatest barrier women create for themselves.’

Ogden et al (2006) commented that women often lack the self-confidence to go for the top jobs even when they are well qualified, while men apply for a role even when they lack the defined specifications. This lack of risk taking, coupled with securing increasing levels of responsibility and visibility can prove to be career limiting for women (McKinsey, 2012).

**Work–life balance**

A further distinct challenge many women face is in achieving a work–life balance between career and family (Stuart, 2006; Hewlett, 2007). The European Commission Report (2012) highlights the fact that women continue to be the primary caregivers during maternity and child-rearing years. The report recognises that working part time and career interruptions are obstacles to promotion into senior positions.

‘The employment rate of women decreases with the number of children, while the employment rate of men increases with the first and the second child. Women face more frequent career interruptions and higher incidences of flexible work arrangements and part-time work than men.’

*(European Commission Report, 2012: 10)*

Upon re-entry into the workplace, women often seek the option of flexible working to accommodate the balance of family commitments, such as dropping off and picking up children at school. A key effectiveness measure for flexible working should be on productivity rather than the number of hours spent in the office. CMI (2013) supports this finding backed up by the Recruitment and Employment Confederation’s (REC) Flexible Work Commission, which states:

‘To get the most from flexible working, managers must be able to manage based on results and not hours spent at a desk’

*(REC, 2012: 5)*

Many of the candidates highlighted these views through statements such as, ‘organisations... celebrate and reward presenteeism, promoting those that are able to extend their working day in the office and participate in social activities with senior colleagues and in informal networking opportunities.’ And ‘If greater emphasis was placed on creating more professional part-time/flexible opportunities across all grades and promotions based on value than hours worked, then the UK would be able to see a significant shift in the numbers of women working and... achieving their true potential.’

A further consideration in this vein is the increasing challenge of an aging population where women more often take time out to care for elderly relatives. These added pressures often impact on conflicting work–life pressures and ultimately career progression.

Many women ‘off-ramp’ or leave corporate life as they start families, for some it is to start their own businesses in order to create flexibility with family commitments. For others, with the high cost of childcare in the UK, it becomes uneconomical for women to work especially if more than one child requires childcare. Women then forgo their career in favour of more flexible, but often unskilled work opportunities. As one candidate explained ‘often women undertaking part-time professional roles feel overworked, underpaid and under acknowledged, which can undermine their confidence to even think about promotion.’
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The Davies Report (2011) clearly illustrated the depletion of female talent from the workforce as detailed below.

Figure 1 The Talent Gap

A 2004 study by International Survey Research (ISR, 2004 in Hewlett, 2007: 50) also noted that men and women are driven by different motivations. Respondents from the study revealed the top two drivers for men as being career advancement (20%) and financial rewards (10%); while the top two drivers for women were relationships at work (14%) and delivering a quality product/service to customers/clients (10%). From this study, Hewlett (2007) went on to develop a further understanding of what women really want in a career, finding that women generally emphasise value sets rather than compensation or benefits, which often leads them on different career paths to men. A point concurred within one essay as ‘women are not the same, so their needs aren’t either and treating them the same as men is, in effect, treating them unequally.’ Evidence suggests that not all women are prepared to pay the exacting price of directorship due to various factors such as commitments outside work; a risk aversion to positions that will require new skills; a preference to stay in roles with personal meaning; or a reluctance to promote themselves feeling that managers should recognise how hard they work (McKinsey, 2012). However, the point to consider is that the opportunity for advancement should still be available for all.

Organisational culture

When an organisation has predominantly more of one gender than another, then the culture tends to adopt attributes that align with the dominant gender (Jackson, 2001). Currently many organisations remain distinctly male such as in the automotive and telecommunications industry, which can present challenges for women as the culture may be combative in nature and reflect male interests. Macho posturing can take place in senior management that opposes the more collaborative and democratic style of management which women typically prefer (Eagly & Carli, 2007).

The corporate culture has been found to present a significant barrier for retaining women in the workforce particularly at senior management positions (Cherry, 2011; Davies, 2011, ILM, 2011). One candidate observed that ‘a remaining challenge for any type of organisation is one of fundamental structural review, which embraces organisational development and which is designed to cement and perpetuate a culture of equality for all employees, irrespective of gender.’

Research shows that women more often leave an organisation or change career due to gender-based barriers. The Catalyst (2010) report identified 25% of women versus 16% of men left their role due a difficult male manager. McKinsey (2007) similarly reported that 27% of women had experienced some form of discrimination in their role versus 7% of men.
Kellerman & Rhode (2007) talk about gender stereotypes and entrenched limiting beliefs, with both sexes believing that, ‘women can’t lead... and society does it to women, men do it to women and women do it to women’ (Kellerman & Rhode, 2007: 168). This unconscious bias was commented upon by many of the candidates considering that ‘unconscious bias and the power of insider groups maintain their impact so that success, leadership and pathways to the top retain masculine form.’

Women often have the double bind of being seen as ‘aggressive’ if they impart their point in a firm and positive manner; a trait seen as positive for men in leadership roles. The word feminine often evokes an image of nurturing, passive, delicate and inter-personally focused behaviour (Lord, 2008; Bass & Avolio, 1994a). A point similarly commented upon by Kellerman & Rhode (2007), ‘Women who fail to show a warm sensitive side may be seen as difficult and unlikable... To fulfil the requirements of the female gender role, they are expected to be especially communal, and to fulfil the requirements of the leader role, they are expected to be especially agentic’ (Kellerman & Rhode, 2007:128).

A clear challenge for women today is being able to be seen as an authentic leader when their style of leadership may be incongruent with socially perceived sex roles (Cummings, 2004).

Lack of effective role models, mentors and sponsors

Women also have the challenge of a lack of influential female role models, mentors and sponsors, and are often excluded from informal and formal networks that could provide them with access to inside information and relationships essential for progression (Oakley, 2000; Kingsmill, 2009; Moore, 2009; Eagly & Carli, 2007). Mentors are often a critical factor in helping women to manage their careers in a male-dominated environment (Ragins et al, 1998). Often the available female mentors are not at a comparable senior position as those that men are able to access.

Allen and Eby (2004) found that male mentors gave more career-related mentoring, while female mentors provided more psychosocial mentoring. In conjunction with mentoring, power still lies in being able to network in established male-dominated groups, especially in organisations where the power is predominantly held by men (Linehan et al, 2001). Hewlett et al (2011) commented that women often do not have the high level of sponsorship many men are able to access in securing prominent or international assignments. One noted solution to this challenge from the research is for ‘organisations to proactively hire male leaders who are known promoters of women.’

Leadership styles

Significant research has been conducted regarding the different leadership styles often displayed by men and women. Men are typically seen to be more autocratic or agentic and transactional and women more collaborative and transformational (Bass & Avolio, 1994b; Eagly & Johnson, 1990; Eagly et al 2003; Rosener, 1990; Kolb, 1999; Vinnicombe, 1999). CIMA’s research (2010) also found that women more frequently use interpersonal skills such as ‘team working, conflict management, influencing and negotiation skills than men.’ (CIMA, 2010: 17)

A barrier to women’s progression often relates to leadership definitions in organisations being typically based on masculine traits and behaviours. When
‘The good news for women is that their somewhat less masculine ways of leading have come into fashion: their styles approximate the now valued model of a leader who acts as a good coach or good teacher rather than a traditional command and control boss’

(Eagly, 2007: 119)

Women are also often excluded from promotion and career opportunities because men feel more comfortable with other men. A point echoed by one candidate as ‘male dominance perpetuating male dominance. In particular, societal norms are founded upon men as natural leaders.’ Another considered that ‘males will be promoted on potential and women on previous results.’ Evidence suggests that if women are perceived not to hold any powers then they are seen to be unable to provide any reciprocal assistance or benefit and are further excluded from important networks (Kottis, 1993; Singh & Vinnicombe, 2004).

In considering the leadership styles required for future business success, Eagly (2007) found that:

‘The good news for women is that their somewhat less masculine ways of leading have come into fashion: their styles approximate the now valued model of a leader who acts as a good coach or good teacher rather than a traditional command and control boss.’

(Eagly, 2007: 119)

McKinsey (2008) also identified nine leadership behaviours that improve organisational performance and are most required to meet the future global business challenges. Women were found to demonstrate three of the most critical behaviours ‘inspiration, participative decision-making and expectations and rewards’ (McKinsey, 2008: 98&14).

From the emerging field of social neuroscience, Goleman & Boyatzis’s (2008) research looks at what happens when people interact in connection to good leaders. They comment that women are typically better at ‘sensing other people’s emotions’ while men tend to have more ‘social confidence’. They see great leaders as people whose behaviour ‘powerfully leverages the system of brain interconnectedness… fostering positive feelings in the people whose cooperation and support you need’ (Goleman & Boyatzis, 2008: 76).
Conclusions

The scholarship essays provide significant, and often personal insight, into the challenges women face in securing gender balance at all levels of organisations; from unconscious bias with gender inequality ingrained in culture and organisational processes to the lack of self-confidence and lack of influential role models, mentors or sponsors.

It is encouraging to note the positive solutions organisations and individuals can take to retain women in the workforce and address the gender balance challenge. The availability of flexible working arrangements, for example, can better enable women and men to manage work and family commitments. Women can also be supported through performance measurement on productivity versus time at the office, along with access to effective networking, mentoring and sponsorship opportunities and engagement in leadership or appropriate skill-development programmes such as finance and governance.

One significant point to note from the applicants and the wider research surrounding this subject is that to achieve a sustainable gender balance at all levels of an organisation, visible support from the CEO and senior management is essential. In conjunction with this, transparency in organisations’ recruitment, promotion, career progression and appraisal processes are critical to ensure positive progression; all points that are supported by the government’s ‘Think, Act, Report’ framework (2011).

Recommendations

Given the research findings the report makes the following recommendations to further support a gender balance at all levels of the organisation:

1. schools to encourage more girls into the STEM subjects coupled with enhanced career guidance to allow all to reach their true potential
2. support from the CEO down to ingrain transparency in the hiring and promotion process to ensure equal career progression opportunities for all
3. remove unconscious bias within organisational culture by creating awareness at all levels
4. reward productivity not ‘presenteeism’ or time in the office
5. organisations to recognise the need to be more versatile in their leadership styles and adopt more collaborative and transformational leadership style in order to enhance profits
6. targeted mentoring and coaching, by men and women, to help women increase self-confidence
7. provide access to effective industry, organisation and business networking and sponsorship opportunities for all
8. enable flexible working practices for both men and women to prevent discrimination and enhance work–life balance opportunities for all
9. government to provide more affordable childcare to enable more women to return to work
10. enhance career progression opportunities for part-time/job-share workers
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Caroline Followell

Caroline is a business development and marketing professional with over 23 years’ experience of working internationally, primarily in the USA and Canada in financial services; and in the UK in non-profit organisations, start-ups and FTSE 100 companies. Caroline is an experienced and qualified executive and personal development coach and currently supports those studying for an MBA/DBA at Henley Business School to help them realise their unique personal and professional goals.