The business case for women in leadership is clear. Companies with gender diverse C-suites in 12 countries are 21 percentage points more likely to have higher financial returns than their less-diverse peers, according to McKinsey’s research. Part of this success is due to the greater innovation that comes with gender diversity, reveals BCG global research. Companies with above-average diversity on their management teams in 8 countries report innovation revenue that’s 19 percentage points higher than that of companies with below-average leadership diversity.

And when it comes to investing, gender diversity at the top is increasingly becoming a key criterion. A number of leading global investors are incorporating a gender lens into their investment portfolios. Goldman Sachs, for example, recently committed to only working on IPOs of companies that have at least one woman or non-white board member.

Yet, women remain hugely underrepresented in the top ranks of financial services providers.

Despite representing a majority of financial services workforce support staff and almost half of professionals, women represent less than one in 15 CEOs. McKinsey estimates that it will take 100 years to reach gender parity in US corporate leadership, which means not even the grandchildren of today’s millennials will have a fair chance.

To change this trajectory, financial institutions need to step up their efforts around boosting women in leadership—and in return they’ll reap significant financial benefits.

Financial Alliance for Women members have identified three main drivers to achieving gender parity in leadership:

- Cultivating a culture that champions women’s rise to the top;
- Managing the female talent pipeline and promoting women;
- And normalizing policies and practices that support all employees in achieving their career and life goals.

The findings and recommendations of this InBrief were gleaned from the Alliance’s Women in Leadership Working Group, which included ongoing contributions from 31 member institutions from 25 countries over a nine-month period in 2019. Mercer contributed as a thought leader to the working group.
Creating a Culture That Champions Women’s Rise to the Top

Company culture is one of the most important drivers to creating a sustainable environment where women thrive, yet it can be the hardest to change. But there are critical steps an institution can take to become a more inclusive culture, such as championing change, diagnosing the current situation, mitigating biases and encouraging work-life balance.

We see from our members that gender parity in leadership happens when CEOs are both highly committed to it and vocal about it. Executives and senior managers, who are critical actors in these efforts, will only fully engage across all functions if CEOs are strong champions of the cause.

Key to the CEO’s success is sharing their commitment, actions and results on a continuous basis via robust internal and external communications. Tying the company’s commitment to gender diversity in leadership and beyond to the company’s business strategy is fundamental to its messaging, especially in the early stages.

Making external commitments to movements such as the CEO Action for Diversity and Inclusion, which has inspired more than 900 company CEOs and presidents to pledge to support more inclusive workplaces, is also a useful lever.

A diversity strategy is not just about women, but also race, ethnicity, disability, sexual orientation and other groups. And it does not work unless these categories are actually included. While mission, policies, practices and coworkers’ behaviors matter, what leaders say and do makes up to a 70-percent difference in whether individuals feel included.

Employers should understand what inclusive leadership looks like and promote and reward those who are positive role models.

Alliance members concur that inclusive leaders express the following traits:

- Authentic Commitment
- Effective Collaboration
- Humility
- Cultural Intelligence
- Awareness of Bias
- Curiosity About Others
A critical next step toward creating culture change is diagnosing the current situation. Institutions must detect and raise awareness of unconscious gender bias and train all employees—especially leaders—to minimize its impact in the workplace.

Alliance members also make frequent use of employee engagement surveys to check the pulse. They can reveal employees’ perceptions around their sense of belonging and whether or not they feel advancement is based on fair and transparent criteria.

A stark example of a problematic culture is a “culture of genius,” in which leaders assume talent is innate rather than something developed through learning. Firms with this culture are likely to hire based on subjective criteria—allowing for gender biases to creep in—rather than taking an objective, capabilities-based approach. And since women have historically not been in senior leadership positions, the company will likely continue to overlook them.

And finally, research reveals that men too want more work-life balance. Leaders can encourage and champion a healthier, more balanced perspective that allows employees to set boundaries around their work and step away from the pressure as needed. By doing so, a company can transform its culture into one where both women and men thrive.

TD Bank developed an Inclusive Leadership curriculum to help managers identify biases and other non-inclusive behaviors and to teach them actionable strategies to leverage the full potential of diverse teams. Since 2017, more than 3,000 managers in Canada and the US have completed the program.

The bank has also created an inclusive leadership resource guide to support learning and development specialists in their efforts to build diversity and inclusion messaging into business-specific training and to complement its centrally driven training.

Through a new learning platform, TD Thrive, the bank also launched a program in September 2019 to help employees enhance their understanding of diversity and inclusion and build the skills they need to learn and thrive today—and in the future.

As a result of its efforts, TD Bank was named one of Canada’s Best Diversity Employers in 2019.
Proactively Managing the Female Talent Pipeline

Alliance members and industry research reveal that without proactive support, women’s careers can get stuck at particular choke points, resulting in a lack of women moving into senior management roles.

Mercer’s “When Women Thrive,” an annual survey that in 2016 had 452 companies reporting globally—including 47 financial services companies—revealed troubling statistics about women’s career paths. While women represent 36 percent of managers and 28 percent of senior managers in the financial services sector, we see a consistent pattern of lower promotion rates for women as we move up levels. This reduces the candidate pool to promote into executive positions.

Further compounding the situation are lower hiring rates of women at most levels and women exiting at higher rates than men—most dramatically at the executive level.9

Seven Alliance members participating in the Women in Leadership Working Group also completed the “When Women Thrive” survey. And they’re outperforming the financial services sector sample as a whole, with females comprising 47 percent of professional-level workers (compared to the industry average of 39 percent). Alliance members, in addition to their diversity and inclusion efforts, have developed women-centered strategies to target female customers, showing the potential correlation between diverse institutions and their commitment to women as a customer base.

However, we still see similar representation of women at the executive level, revealing just how hard it is to overcome the same choke points, with less hiring of females into executive positions and promotion into senior management positions.

Financial institutions therefore need to not only change their culture, but also proactively manage their female talent pipeline—hire, train, promote and retain women—to develop a strong set of leadership candidates.

Alliance members actively measure the number of women compared to men promoted at every level and set targets to encourage tangible progress. This is particularly important at the manager and senior manager levels, where we see women drop off. It’s also critical for profit-and-loss roles—a vital prerequisite to senior leadership—where there tend to be fewer women.

Ensuring equity across all divisions should be the goal, including more male representation in traditionally female-dominated areas, such as human resources.
Financial Alliance for Women’s members have found that taking the subjectivity out of hiring and promotion processes is key to achieving their targets. Practices like removing name and gender from CVs and using objective, capability-based evaluation criteria—rather than subjective ones like “culture fit”—make it easier to mitigate gender biases.

Organization-wide unconscious bias training also helps mitigate the impact of bias on hiring and promotion decisions.

Many members also require their candidate shortlists to include a certain proportion of women (usually around 50 percent). This encourages recruiters to source external female candidates and managers to put existing female employees up for promotion.

Formal leadership development programs are also vital to building the pipeline. These include training and mentoring activities to build women’s skills, confidence and networks.

These programs must emphasize skills that help women address female-specific challenges and barriers. But they also must be gender inclusive, since focusing on women alone can send a message that only women need help—which perpetuates the imbalance. Change comes when both men and women mentor other men and women. While executive sponsorship can be a powerful way of supporting women’s advancement to the top, it needs to be done well to avoid the perception of unfairness.10

Member experiences also show that leadership development programs must include giving women profit-and-loss responsibilities, since they’re the greatest predictor of success and advancement.

Managers need to offer stretch opportunities to both high-potential women and men. Without intervention, men tend to get more high-visibility projects, hold mission critical roles and take on aggregate—a 6-percent increase since targets were introduced. Further, its pipeline (top c.4000 leaders) is given the chance to move to another department within the bank via an internal job posting before recruiting from the outside.

This program also included a special two-year intensive leadership development program to get more women into branch management roles, and a second training program for high-potential women covering management, communication and leadership to prepare them for promotions.

These efforts helped improve employee loyalty, strengthened employee commitment to being the bank of choice for women and yielded strong results in terms of female representation. By the end of 2018, 54 percent of the total workforce was women, 63 percent of overall promotions were for women, and 44 percent of upper management were women, compared to 35 percent in upper management in 2012.
Supporting Employees in Achieving Life and Career Goals

Experiences like having a baby, raising children or caring for the sick or elderly have traditionally affected women more than men. Unless employers adapt their policies and benefits to support employees through these types of transitions, they’ll hinder career growth and efforts to achieve gender-balanced leadership.

Women’s role in bearing and caring for children can disproportionately affect their careers. Women are more likely than men to care for kids on a daily basis (seven times more likely in the US12). Without work flexibility, they may have to reduce their hours or step away from their career altogether.13

Women also represent 57 to 81 percent of caregivers for the elderly, and many more will care for their spouses later in life.14 This can negatively impact women’s careers and retirement funds unless employers support them through these life stages.

Employees need to be able to step away from work for specific life events and return seamlessly, without limiting their career. Fully paid parental leave is a starting point. But the need for leave extends beyond childcare, an inclusive paid leave policy should extend to aging parents, and extended families. And to help ensure that inequalities don’t persist, employers must encourage men to take use these types of benefits as well.15

While mandates vary by country, many Alliance members are offering women and men parental leave policies beyond what is standard in their market.

The Risk of Only Focusing on Women

Traditionally, women bear the brunt of care for others and are more likely than men to put family ahead of their careers. However, times are changing, especially in developing markets, and younger generations of men want to be more involved in the lives of their children. Yet men can face pushback when they make family a priority.

Companies have the power to change this dynamic and involve men in the solution so that both genders thrive. They can do this by providing generous, paid parental leave to both men and women. In addition, any flexible-work models should be positioned as gender neutral.

Encouraging men to take advantage of these benefits is essential. If women are the only ones taking leave or working flexibly then the imbalance will persist. Institutions can champion the experiences of men that work flexibly or take leave—especially senior leaders—to send a clear message of support for both genders to succeed in work and life.
Programs that support employees who are transitioning to or returning from leave (whether short- or long-term) are vital as well.

Many Alliance members are providing returnships, or return-to-work programs, in an effort to recruit, try out and onboard qualified people who have taken a longer-term career break. While these programs have historically focused on women, more are opening access to men as a way of leveling the playing field.

Enabling flexible work models is also vital to achieving workforce diversity and inclusion. The concept of work needing to be done at the office and during “regular” business hours is becoming outdated—and this is a huge boon for women.

Making flexible work the norm and positioning it as a benefit for all will help encourage uptake by both men and women. Employers can offer flexibility in where work is done (remote), when it gets done (including part-time, alternate hours and condensed work weeks) and how it gets done (job sharing and other arrangements). This model can help level the playing field for employees who have caretaking responsibilities, are entering retirement, want to pursue a hobby or achieve other responsibilities and goals.

Progressive leave policies, return-to-work programs and flexible work arrangements can all help employees, especially women, achieve life and work goals while navigating changes. But organizations need to be proactive to ensure this doesn’t result in missed promotions and opportunities. Human resources departments should train managers to support supervisees in achieving career-advancing performance while taking advantage of these programs.

Mastercard’s Relaunch Your Career is a 16-week program aimed at people who have taken a mid-career break for two or more years and are interested in returning to work on a permanent basis. The program offers participants an engaging work project, one-on-one support from a “buddy” and a manager with whom they meet regularly. Upon completion, participants are eligible for full-time employment based on performance.

Deployed in 2017, the program has grown from 8 to 40 participants and from 2 to 19 locations. In 2019 it expanded to India, Kenya, Brazil, Canada and Russia. The vast majority of participants are women, and a total of 50 percent have advanced to full-time positions at Mastercard.

A flexible work model and a progressive approach to leave were essential to Westpac’s 2017 achievement of 50 percent women in leadership, which has been maintained since. After employee engagement surveys surfaced greater desire among all genders to work flexibly, the bank introduced a new All in Flex approach in 2015 to enable employees to do this.

Managers are encouraged to respond “yes” when asked by direct reports if they can work flexibly and to find a solution that suits all parties. Today, 76 percent of women and 72 percent of men at Westpac work flexibly, from senior executives down. This includes working part-time, working from home, flexible hours, job shares and leave options like career breaks.

Westpac’s parental leave policy provides all employees regardless of their gender up to two years of leave, including 13 weeks of paid leave. The bank continues to pay superannuation throughout this time. Other leave policies provide paid and unpaid leave for caregivers of young grandchildren or family members who require care due to disability, illness or ageing, and victims of domestic and family violence. They also support transition to retirement, participation in sporting events or community volunteer days, gender transition and many more life events.

The bank closely monitors employees’ experience with leave policies. For example, women’s and men’s rates of return from parental leave are 95 and 90 percent, respectively, and 92 percent of women and 88 percent of men who took parental leave are still employed a year later.
Creating gender-balanced leadership builds competitive advantage, boosts financial returns and attracts mission-aligned capital. The financial services industry understands these benefits and has been making substantive progress.

This progress, however, could be deprioritized by competing initiatives during economic turmoil or a time of crisis if not embedded within an organization's corporate strategy. Flexibility is the name of the game in the COVID-19 crisis, proving that a key lever in creating an equal playing field at work is pivotal to corporate survival.

Alliance members are well placed to weather the storm because they have laid the groundwork. Let this be the inflection point where the progress achieved translates into sustainable and lasting change, which means that both men and women—and the industry—can thrive.

We thank our members for their participation in the Women in Leadership Working Group and contributions to this InBrief. The Alliance and its members are also grateful for the generous financial contribution of Canada’s International Development Research Centre for the production of this report and to Mercer for its thought leadership during the organization of the working group.

About the Financial Alliance for Women

We’re the leading members’ network of financial organizations dedicated to championing the female economy—the world’s largest, fastest-growing market, and yet one that remains untapped. As a unique network with members from over 135 countries, we share the ambition of unlocking the full value of the female economy.

Everything we do is based on a win-win approach where financial organizations grow their businesses by accelerating women’s financial power. From creating real and digital platforms where members can learn from each other’s on-the-ground experiences, to publishing our own proprietary data and research, to advocating for global policy change, we inspire and equip our members to design and refine women-centered products, services and strategies that will bring about a new paradigm for women’s financial experiences.

Catalyzing Progress so Men and Women Can Thrive

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