

**TALENT
INTELLIGENCE**

POWERING HIGH-PERFORMANCE

**RESEARCH &
INSIGHTS**

THE STATE OF GENDER DIVERSITY IN LEADERSHIP

**WHAT EMPLOYERS ARE DOING TO ENSURE EQUALITY —AND WHAT
NEEDS TO CHANGE FOR THEIR EFFORTS TO BE A SUCCESS**





EXECUTIVE SUMMARY

With the significant media attention women's issues have received in the past year, gender diversity in the workforce has become a renewed focus for a number of organizations.

To ascertain how employees feel the company they work for views and plans to achieve gender diversity, from March to July 2018, Talent Intelligence, a global management consulting firm offering succession planning, competitive intelligence and diversity/leadership acquisition, conducted interviews with approximately 500 managers from 324 companies around the world.

The survey responses suggest the way managers perceive employers' efforts to attain an equal distribution of male and female leadership doesn't align with the gender diversity allocation that currently exists within many organizations – and further work may be needed to achieve leadership-related gender diversity goals.



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Current Gender Diversity in Leadership

The majority of managers who participated in Talent Intelligence's recent survey involving companies in 15 industries and 40 countries feel their employer places an emphasis on attaining gender diversity in leadership.

Ninety-one percent of respondents reported that having a gender-diverse leadership team as either important or very important. Eighty percent also say their employer provides equal opportunities for advancement for both men and women.

In stark contrast, however, many of those managers work at companies that do not have an equal representation of men and women in management roles. Only about a third say their employer's leadership includes an even representation of both genders.

More than half of respondents said their company leadership was mostly male, and only 8 percent said their leadership team is mostly female.

The findings suggest a notable disconnect between employee values surrounding gender diversity in leadership and the actual gender diversity gains companies are achieving.

The Effect of Gender Equality in Leadership

Adequately supporting a gender diversity effort can be a struggle, and the benefits may take time to be realized and even when they are they may not be apparent at the local level; but it can be a worthwhile undertaking.

Statistical analyses conducted by a number of research providers have shown organizations with greater gender equality in management have higher margins and company valuations. According to the S&P Composite 1500, companies with women in senior leadership positions report an average of \$40 million more in total company value.

Similarly, a Peterson Institute for International Economics analysis of more than 20,000 firms in 91 countries found moving from having zero female leaders to incorporating a 30 percent representation is associated with a 15 percent increase in net

margin.

In addition to the higher net margins and company valuations having female leadership can deliver, improving gender diversity can also help companies recruit and retain employees. Research has shown candidates, particularly younger ones, value diversity. Gen Y and Gen Z employees are more likely to stay with an employer that has a diverse workforce and supports diversity within senior management teams, according to research from Deloitte.

Further, greater gender diversity in leadership improves overall engagement. More than a third of respondents (39 percent) in an EY survey said there was a significant relationship between their own level of job satisfaction and their company's focus on workplace diversity and inclusion.

Moving Toward a More Diverse Workplace

Talent Intelligence's survey results confirm a push from employees to drive companies toward leadership gender equality exists; and statistics show the performance pull from improved profitability and company valuation is real. However, these combined forces have not been enough to generate significant change.

While a considerable amount of organizations have invested in establishing leadership-based gender diversity initiatives, a number haven't. Less than half – 39 percent – of Talent Intelligence survey respondents said their company had efforts in place to promote gender diversity in leadership. Twenty-five percent said their organization did not.

The Takeaway

There is a notable diversity disconnect between employee values and the actual gains companies are achieving



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Thirty-six percent of respondents indicated they were not sure if their organization had a program to promote gender diversity in leadership, which points to another issue – a marked failure to promote initiatives focusing on increasing diversity.

Even with a number of companies having initiated gender equality efforts, the overall results have been mixed. The proportion of women in senior positions, for instance, has actually fallen, rather than risen in recent years. In 2018, Grant Thornton found the amount of senior roles held by women has declined from 25 percent to 24 percent since 2017 – while not a large drop, clearly a retrograde step.

Additionally, The amount of women who hold S&P 500 company board seats has shown little growth in recent years, rising just 1.1 percent since 2015

How Can Organizations Increase Diversity at their Top Levels?

Given the positive influences gender diversity can provide, it would seem sensible to incorporate managers' supportive view of placing an emphasis on gender diversity into an organization's approach to company planning. A gap remains, however, between employee perception and what organizations

iority of roles rises.

While the focus may be on the upper echelons, it will be very difficult for equality programs to draw equal numbers of leaders from differently sized pools of talent. It is important that gender equality efforts begin at the lower levels so there is equal representation for senior leadership selection and development.

A number of studies have identified differences men and women experience in regard to advancement, including:

- Women often feel they do not have a clear path to leadership roles.
- Mentorship opportunities are not widely offered, and many women do not feel confident in seeking mentors on their own.
- Women can be more hesitant to push for career advancement opportunities than men if the opportunities are not readily offered.
- Women often tend to be more uncomfortable asking for a promotion.
- More women feel excluded from leadership opportunities than men – most said they needed additional support to build confidence to feel they could fulfill a leadership role.

The common theme that emerges from these views is that the system of identifying, supporting and preparing future leaders is set up to reflect the male approach to selection and advancement – from the wording of job ads and role profiles through to the design of mentoring programs and leadership development training.

are currently doing to address the specific obstacles women face that limit diversity from increasing at the top levels.

Studies have shown men and women have similar ambitions of reaching senior leadership, board and other top management roles. Women, though, comprise just 19 percent of C-suite positions, compared to the 81 percent men hold.

Women are not only under-represented at senior and board level – the discrepancy starts at entry-level positions and continues to widen as the sen-

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Without a change in approach, even the best gender diversity efforts will be operating at a systemic disadvantage.



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Research from the Harvard Business Review and World Economic Forum as far back as 2010, for instance, identified the importance of mentoring in career advancement; but experiences can differ greatly between genders.

Within a mentoring program, the more senior a person's mentor is, the faster that mentee will rise. When this is combined with the trend of women mentoring women, and women already being underrepresented at the senior levels of most companies, it's evident how the process may slow the progress of female representation at senior levels.

Fifty-nine percent of the companies surveyed offered internally led mentoring and networking programs; yet only 28 percent reported having women-specific programs.

Because research also indicates women tend to be less direct, insistent or confident in advocating for a promotion, it would likely be beneficial to intentionally educate mentors — especially male men-

tors — about the challenges women face at work and the importance of sponsoring or advocating for female mentees.

Additional Insight

To further understanding of the above findings and organizational trends, Talent Intelligence will conduct a series of follow-up studies that will be presented in subsequent white papers to provide greater insight into potential solutions that will enable organizations to achieve their gender diversity objectives.

The next survey will examine what gender-focused leadership development initiatives organizations currently have in place, along with the perceived success of those programs. The goal will be to gain a comprehensive view of the program characteristics that yield the highest perceived success in obtaining gender diverse leadership teams — and uncover specifically what companies are doing to



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