

# GENDER vs. LEADERSHIP DIVERSITY

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Several governments, regulators, and industry bodies have set quotas or targets for the percentage of senior business roles occupied by women. In Norway, for example, the law requires that at least 40 percent of a company's directors be women. The Netherlands has introduced a (non-binding) target for female representation on executive committees.

*"We need diversity of thought – gender diversity is only one part of this"*

**Susan Skerritt, Global Head of Institutional Cash Management & Head of Global Transaction Banking, Americas, Deutsche Bank**

Gender diversity has many important facets. However, over the past decade, the case for gender diversity has become heavily focused on business performance and the potential economic benefits. In our discussions with senior leaders, we find that today many believe the pendulum might have swung too far in this regard, with the moral, societal, demographic, and broader experiential reasons for gender diversity getting ignored. We see growing signs that with the increased focus from organizations on culture, values, purpose, and meaningful societal impact in what they do, that a rebalancing is likely.

Nevertheless, one of the core arguments for gender diversity is that it is evident, and supported by many studies, that organizations deliver better results when women occupy a fair percentage of leadership roles. But this matter is not as simple as it may seem. For it is diversity of leadership styles that improves performance, not merely diversity of genders, but gender often seems to be used as a proxy for leadership styles. We believe that whilst often nuanced and hotly debated (also by the Oliver Wyman team working on this report), that gender diversity and its relationship to leadership diversity is an important issue to discuss.

Men and women are stereotypically associated with certain modes of behavior. Various studies have explored these stereotypes. For example, John Gerzema and Michael D'Antonio asked 32,000 respondents worldwide to categorize a set of 125

human behavioral traits as typically masculine, feminine, or neutral (see Exhibit 1). Direct, dominant, and career-oriented were each identified as masculine traits, whereas nurturing, intuitive, and creative were associated with feminine traits. Energetic, intelligent, and authentic were identified as being gender neutral traits.

Yet despite the widely held stereotypes, these styles of behaviour are not rigidly associated with each gender. An individual woman may have many "masculine" traits and a man many "feminine" traits. A good gender mix may increase the chance of getting a mix of styles. But it does not guarantee it.

Imagine a management team with a perfect 50:50 gender split, and suppose that the men are all alpha males: confident, driven, dominant, competitive, and aggressive. The women on the team might be expected to add some balance. But if their selection was conditional upon also having these "masculine" characteristics, they will not. Women can also be confident, driven, dominant, competitive, and aggressive.

If the women in this imaginary management team have masculine gender-style, then although the team will be gender equal, it will still lack sought-after characteristics, such as empathy and reliability, that are stereotypically "feminine". The organization will get leadership that is dynamic but still lacking in certain skills and capabilities, prone to groupthink, and potentially detached from the needs of stakeholders such as staff, regulators, or even customers.

In some ways, women face the "double bind" that they do in fact sometimes have to exhibit male characteristics to succeed but also have to not 'overly' adopt them if they are to be successful in ways that are more aligned with stereotypical expectations of how women behave. There is a fine line that senior women have to constantly walk.

## EXHIBIT 1: ATHENA DOCTRINE<sup>1</sup> MASCULINE, NEUTRAL AND FEMININE TRAITS



MASCULINE TRAITS	NEUTRAL	FEMININE TRAITS	
Rugged	Visionary	Original	Down to earthy
Dominant	Energetic	Free spirited	Plans for the future
Strong	Simple	Charming	Upper class
Arrogant	Authentic	Trustworthy	Open to new ideas
Rigid	Different	Articulate	Unique
Leader	Agile	Reliable	Generous
Natural leader	Carefree	Dedicated	Team player
Analytical	Collaborative	Reasonable	Honest
Proud	Intelligent	Nimble	Imaginative
Decisive	Cunning	Adaptable	Humble
Ambitious	Candid	Obliging	Curious
Over bearing	Traditional	Healthy	Loyal
Hard working	Fun	Popular	Conscientious
Logical		Passive	Cooperative
Consensus builder		Committed	Involved
Self reliant		Community oriented	Friendly
Focused		Helpful	Up to date
Distinctive		Creative	Selfless
Devoted		Flexible	Perceptive
Resilient		Intuitive	Socially responsible
Aggressive		Social	Kind
Brave		Sincere	Encouraging
Daring		Passionate	Empathetic
Competitive		Good at multitasking	Expressive
Gutsy		Kind	Understanding
Stubborn		Supportive	Patient
Assertive		Giving	Poised
Driven		Good listener	Trendy
Direct		Loving	Family orientated
Career oriented		Sensuous	Caring
Dynamic		Vulnerable	Affectionate
Confident		Gentle	Sensitive
Straightforward		Stylish	Nurturing
Selfish		Emotional	Glamorous
Independent			
Unapproachable			
Progressive			
Innovative			
Restrained			
Competent			

*“It’s not just about gender anymore; it’s about humanizing the workforce and making it a healthy environment for all types of people to flourish in”*

**Renée Roberts, Group Executive, Enterprise Services and Transformation, National Australia Bank**

It seems that women are badly underrepresented in senior roles in financial services, having faced barriers to advancement that men did not. Indeed, many of our interviewees for this research, both female and male, hypothesized that if gender styles in financial services were more broadly analyzed, the diversity might be even lower than the current gender mix would suggest, due to the prevailingly masculine traits still seen as needed to enter into leadership positions. But why are women underrepresented? The likely explanation is unconscious bias in favor of the masculine gender-style. As many of those who were interviewed suggested, the attributes valued in financial services, and which lead to successful career progression, are those stereotypically associated with men. So long as these values continue to hold sway in financial services, gender quotas cannot guarantee to deliver the desired result. They will not definitively deliver the diversity of styles required among the leadership, an interesting thought given that business models in financial services are being tested, re-engineered, and reformed to an unprecedented extent since the 2008 crisis.

*“I think in some areas we definitely still associate success with attributes that would be more traditionally associated with men rather than women – this needs to change”*

**Mariona Vicens, Director of Strategic Development and Innovation, CaixaBank**

<sup>1</sup> John Gerzema and Michael D’Antonio, *The Athena Doctrine: How Women (and the Men Who Think Like Them) Will Rule the Future*, Jossey-Bass, May 2013

Biases and prejudices take time to overcome. A workshop will not suffice to change long-held ideas or old habits. Firms must actively encourage many styles and traits – masculine, feminine and neutral, with each treated as a valued contribution to the business. This transformation will have implications for conduct guidelines, hiring and promotion criteria, working arrangements, and incentive schemes. But the most direct way to bring about the desired change in culture is to get people with styles that are currently missing into leadership positions. In financial services, this will require a focus on the styles stereotypically associated with women that will trickle down, and then be promoted back up, creating a virtuous circle.

*“We take account of team diversity and individual profiles. When filling a vacancy, considering the match of the individual profile with the team profile is part of the HR process. We are using an external provider to measure the profiles”*  
**Else Bos, CEO, PGGM**

What, then, are characteristics of the stereotypical female gender-style in leadership? What should appointment committees be looking for?

Much research has been conducted on the differences between masculine and feminine traits. For example, Exhibit 1 above shows a spectrum of the traits stereotypically associated with each gender from the Athena Doctrine. A common finding of the other various studies is that typically male and typically female communication styles differ. The more feminine style is expressive, tentative, and polite; the more masculine style is assertive and dominating.<sup>2</sup> The female style typically values workplace relationships, suggesting that female leaders form closer bonds with their subordinates. These and other typically female and male characteristics provide the foundation for assessments of where leaders lie on the spectrum of traits from the more feminine styles to the more masculine styles.<sup>3</sup>

Regardless of the theory or assessment adopted, the important thing is to consider leadership style, and not simply gender, when making decisions about senior appointments. Provided this is supported by an inclusive working environment, diversity will most likely lead to improved decision making and business performance.

Gender targets are useful. They keep management’s eye on the ball. But they alone do not get to the heart of the problem, which is not purely a lack of gender diversity but also a lack of diversity in thinking and behavior, and a lack of diversity in leadership styles. Leadership style is too subtle to be the subject of targets or quotas. It is something that must be pursued voluntarily by financial services firms as they strive to ensure they have diverse leadership teams. Given its value and the performance upside at stake, there is every reason for them to do so.

2 Susan A. Basow, Kimberly Rubenfeld, “Trouble Talk”: Effects of Gender and Gender-Typing, Sex Roles: A Journal of Research, February 2003

3 Bruce J. Avolio, Bernard M. Bass, Individual Consideration Viewed at Multiple Levels of Analysis: A Multi-Level Framework for Examining the Diffusion of Transformational Leadership, The Leadership Quarterly, June 1995