

SHOULD I STAY OR SHOULD I GO?

A CROSS-GENERATIONAL VIEW FROM THE US

ELIZABETH ST-ONGE
EGE GÜRDENİZ



INTRODUCTION

The United States has been at the epicenter of the debate and progress on gender equality for decades, and more recently has had a front-row view of the emerging values and preferences of the millennial generation. So where better than the US to explore how women's experience with respect to gender in the financial services industry has changed over the past two to three decades?

To find out, we interviewed a range of senior female executives from across the financial services industry on their career experiences and trajectory. We also conducted focus groups with millennial women (each focus group having 8-15 participants) and individual conversations with young women working across the industry, ranging from investment banks and insurance companies to retail banks and payment companies. And we reviewed the growing body of literature on emerging millennial experiences to understand how the individual experiences we learned about in our conversations fit within the broader trends observed.

These conversations and research enabled us to compare and contrast the experiences of women across generations. We found that, despite significant effort (and investments) made by the industry to create a more inclusive workplace, and the genuine commitment of the institutions and individuals leading these efforts, millennial women early in their careers experience many of the same fundamental causes of the gender gap that their female forebears experienced 10, 20, and 30 years ago.

This is not to say no progress has been made – because it has. However, the improvements made over the past 20 to 30 years have arguably been relatively straightforward: the obvious discriminatory and structural issues have been tackled. What has not been tackled, it emerges, is the more difficult task of questioning the underlying cultural norms in our industry (and society), and our assumptions about leadership, accomplishment, and ambition. This is the next challenge that we must address to attract, and more importantly, to retain and engage the talent pool represented by millennial women.

“When a young woman hits a hard point in her career, if she looks up and does not see any women at the top, she wonders if she will make it – if all of the sacrifices she will have to make will pay off. That is one key reason why women leave the industry”

Marisa Drew, Managing Director, Co-Head EMEA Investment Banking and Capital Markets, Credit Suisse

“I came into my career in financial services with aspirations to make it to the top. But now, five years into it, I am planning my escape”
Millennial woman working in the financial services industry

PROGRESS AND CURRENT STATE ON GENDER BALANCE IN THE US

A great deal of progress was made towards gender balance in the financial services industry in the United States in the latter half of the 20th century. Between 1960 and 1983, overall representation of women in banking and financial management jumped from 9 percent to 39 percent.¹ Progress continued through the 1990s and women started to represent about 50 percent of professional roles (not counting administrative, clerical or support roles), indicating a somewhat gender-balanced financial services industry.² The improvement was some of the most impressive seen anywhere in the world in this period.

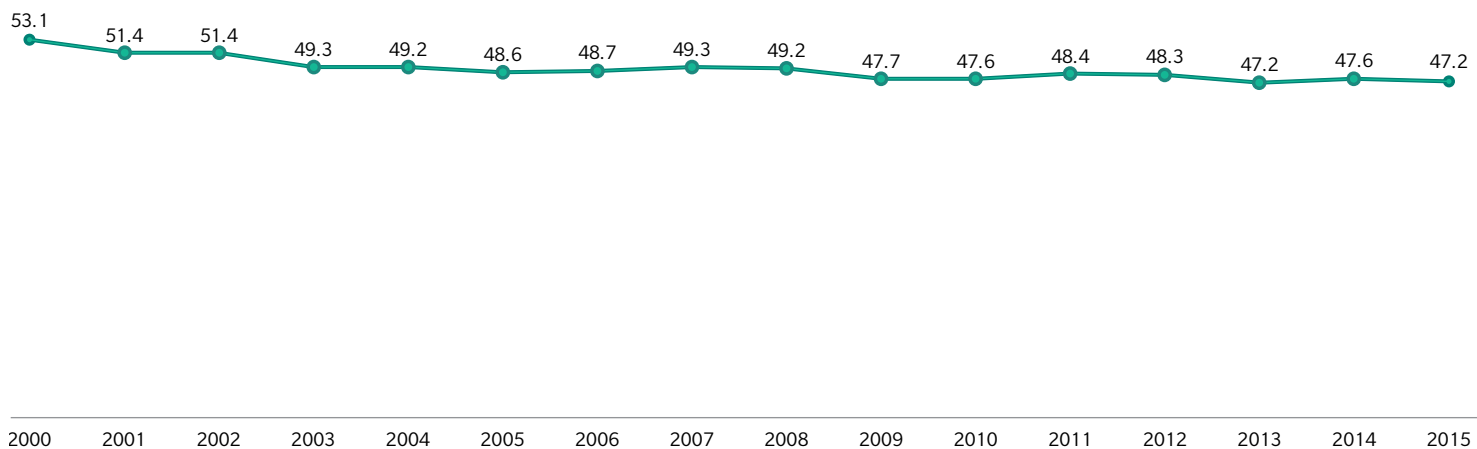
However, as Exhibit 1 demonstrates, progress stalled and even slightly reversed over the past 15 years, with female representation on a downward trend since 2000.

The slight (but apparent) decline in aggregate female representation is not encouraging. However, the bigger source of concern lies in the details: female representation at different levels of seniority. In our lead article we showed that female representation decreases at each level in the hierarchy.³ Zooming in on the US, Exhibit 2 shows that female representation at the first- and mid-levels is hovering around 45 percent, while there is only 28 percent female representation at more senior levels, dropping to a meager 1.4 percent of female CEOs at S&P 500 finance companies.

“There is something else going on that women don’t make it to the top. Work-life balance is not a particularly useful explanation”
Laura Liswood, Secretary General, Council of Women World Leaders, and former Managing Director, Goldman Sachs

EXHIBIT 1: PERCENTAGE OF WOMEN IN MANAGEMENT, PROFESSIONAL, AND RELATED OCCUPATIONS IN FINANCE COMPANIES²

BUREAU OF LABOR STATISTICS CURRENT POPULATION SURVEY, 2000-2015
 FEMALE REPRESENTATION (%)



Source: Bureau of Labor Statistics

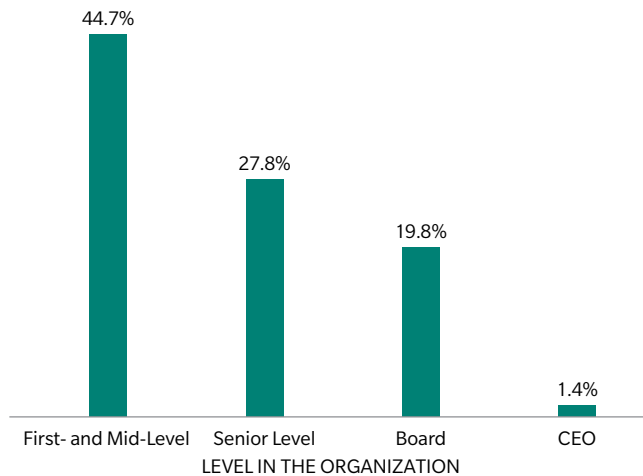
¹ Andrew Hacker, *Women vs. Men in the Work Force*, New York Times. 9 December 1984

² Bureau of Labor Statistics Current Population Survey (www.bls.gov/cps/tables.htm). Data covers the BLS-defined “financial activities” super-sector which includes finance, insurance and real estate companies. Data for 2000 and 2001 are not available. 1999 and 2002 data were used for 2000 and 2001 respectively.

³ See the ILM map in Exhibit 6 in our lead article

EXHIBIT 2: PERCENTAGE OF WOMEN IN S&P 500 FINANCE COMPANIES BY LEVEL⁴

PERCENTAGE FEMALE REPRESENTATION



Source: Catalyst⁴

So over this period, despite improving to about 50 percent female representation in aggregate, the figures are now deteriorating overall, and we are stuck at the 20 percent to 30 percent range at the senior and board levels. And this is despite significant effort and investment in programs to advance women's careers.

One must dig deeper than the many superficial answers often given to this question. As such, we focused on identifying how gender inequality was initially addressed (thus leading to the significant jump in female representation in the 1970s, 1980s, and 1990s) – and also on identifying those issues that remain unaddressed and still impact the Millennials who have entered the industry more recently.

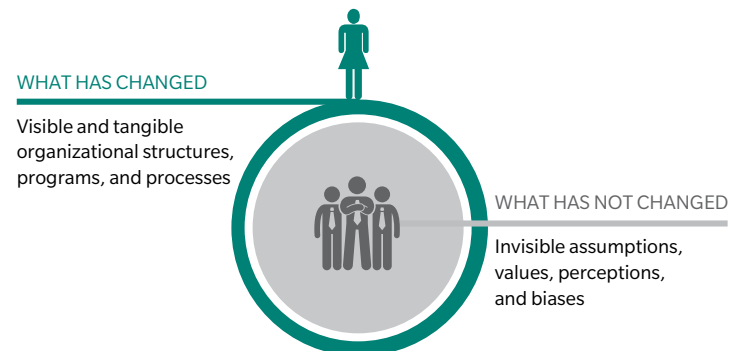
WHAT HAS CHANGED... ...AND WHAT HAS NOT

Industry efforts over the past decades have been successful in addressing the visible aspects of gender inequality: programmatic or structural elements that can be readily identified and addressed through tangible corporate programs and policies, such as work-flexibility programs, networking opportunities, and mentorship or leadership programs. These efforts have allowed financial institutions to attract women and initially acclimate them. As a result, aggregate female participation in the industry in the US has improved dramatically. However, these efforts have been insufficient in retaining and advancing women over the long term, in large part because such efforts have done little to fix the invisible aspects of gender inequality: the underlying values and assumptions that define an organization's culture and day-to-day work styles – as well as the many unconscious biases.

“It is not just one thing – we need to work on this on multiple fronts: we need more women at the top to set the example and set the tone. We need to deal with unconscious bias. And we need a whole set of programs to help development and career mobility for women”

Maria Morris, Executive Vice President, MetLife

EXHIBIT 3: INDUSTRY EFFORTS HAVE MOSTLY FOCUSED ON THE VISIBLE ASPECTS OF THE ISSUE



4 Source for First- and “Mid-Level” and “Senior Level” is: GAO, U.S. Equal Employment Opportunity Commission (EEOC)’s 2013 EEO-1 Survey Data, 2013. Source for “Board” is: Catalyst, Catalyst Census: Women Board of Directors, 2015. Source for “CEO” is: Catalyst, Women CEOs of the S&P, 2015.” First/Mid -level” includes individuals who receive directions from Executive/Senior Level management, and oversee and direct the delivery of products, services, or functions at group, regional, or divisional levels of organizations; “Senior-level” includes individuals who reside in the highest levels of organizations and plan, direct, and formulate policies, set strategy, and provide the overall direction of enterprises/organizations for the development and delivery of products or services

Since the underlying invisible issues are largely unaddressed, the experiences of millennial women with respect to day-to-day instances of gender inequality remain disappointingly similar to those of more senior women who joined the financial services industry in the 1980s and 1990s.

“All of our senior leaders are older, white males. They are the ones who set the culture that we experience every day, despite any programmatic efforts by the bank”

Millennial woman working in the financial services industry

Through our discussions, we were able to identify eight areas where the undercurrents of gender inequality have remained largely unaddressed by recent corporate efforts, contributing to the slowdown in progress towards gender equality. The perspectives and anecdotes provided by the executives and millennials across these eight areas are illustrated in Exhibit 4.

EXHIBIT 4: EXECUTIVE AND MILLENNIAL PERSPECTIVES ON WHAT HAS NOT CHANGED

WHAT HAS NOT CHANGED	EXECUTIVE PERSPECTIVE	MILLENNIAL PERSPECTIVE
1 The issues are subtle and invisible	<i>“The first step is helping people understand that there is a problem”</i>	<i>“I have to adapt to the style and preferences of men. It is subtle but always there at the back of my mind everyday... gender is always there. Men never have to think about it – this is an advantage for them”</i>
2 Men and women are subject to different standards	<i>“Organizations focus so much on women’s weaknesses. They are far more critical of women than men”</i>	<i>“If a woman raises her voice it’s seen as complaining, but when a man does the same, he is making a point, he is being assertive”</i> <i>“All of the women at the top are extraordinary. Some of the men at the top are extraordinary, but all of the women are”</i>
3 Women don’t get enough stretch opportunities	<i>“Firms are more willing to take risks on men. With a woman, she has to prove it first – and because of that, women have less confidence. Men are also likely to take credit when they do not deserve it”</i>	<i>“I see it time and time again where competent women are passed over and a man is promoted instead”</i>
4 Think successful, think men	<i>“When I first started, you had to act like a guy or you did not stand a chance”</i>	<i>“High performers are associated with masculine character traits, so we end up having to ‘masculinize’ our female traits”</i>
5 Networking and bonding is critical – but harder for women	<i>“Women tend to focus on execution – on getting their tasks done. But networking is what gets you the opportunities, and enables you to succeed. You have to find ways and time to connect with the senior men”</i>	<i>“Women are given more formal programs but fewer informal opportunities. We are not part of the conversation, of the network”</i> <i>“We are not in the ‘club’. The guys are already, naturally in the club”</i>
6 Too many women remain silent	<i>“I spent most of my career thinking that if I do a good job, I will be recognized. It took me a long time to realize I needed to do more than that”</i>	<i>“You have to ask for the promotion, for the raise, for what you want. But you have to do so carefully. Otherwise, you get told you are too demanding or pushy. Or making trouble. The potential blowback on women for asking for what they want is much bigger than for men”</i>
7 Traditional gender roles and assumptions are still there	<i>“There has been and still is a lot of social pressure for both men and women to fulfill traditional gender roles”</i>	<i>“Many men of our generation still assume their career will take precedence over their wife’s career”</i> <i>“When a woman gets married the assumption is that she is less committed to the job because now she has a husband to support her”</i>
8 There is a lack of role models at the top	<i>“Only when you have someone who looks like you do you internalize that you can make it too”</i> <i>“We set targets for everything in business that is important. So if we value having more women at the top, then we should set targets”</i>	<i>“Women beget women. We need more women at the top – otherwise it will never change”</i> <i>“Each time a senior woman leaves or gets fired - it’s not just about the loss of her. It also crushes the hopes and dreams of all junior women who have so few role models”</i> <i>“I feel alone, isolated. There are so few women we can look to and see that they have made it. Makes you wonder if you can make it”</i>

CAUGHT OFF GUARD – MILLENNIAL EXPECTATIONS DISAPPOINTED

The similarity of the experiences shows that there really is no generation gap in the gender gap issue. However, expectations have shifted significantly. Women who joined the financial services industry in the 1980s and 1990s knew what they were getting into and expected to deal with the issues discussed above and more. However, millennial women come into the industry with completely different expectations.

“I was shocked when I came to work to see that there were so few women, so little diversity. I was so naive. It was a complete culture shock”

Millennial woman working in the financial services industry

“Young women come into the industry thinking there will be no problems, but five years into their career, the gender-based obstacles start”

Laura Liswood, Secretary General, Council of Women World Leaders, and former Managing Director, Goldman Sachs

“After a few years, you reach a point where you realize you don’t want to put up with this nonsense anymore...The opportunity cost of doing the job just gets too big, so you leave”

Millennial woman working in the financial services industry

“In the absence of senior female leaders, young women are prone to say to themselves: I don’t believe I can get there, because I don’t see any role models who have gotten there. That can be a big influencer in their decision to opt out”

Marisa Drew, Managing Director, Co-Head EMEA Investment Banking and Capital Markets, Credit Suisse

“Women don’t stay because it’s the path of least resistance. It’s hard to put up with the uneven treatment - and if you have no role models of women who have made it, and people at the top don’t believe you are fully dedicated, why would you keep trying? Why not follow another path that would be less difficult and just as fulfilling?”

Millennial woman working in the financial services industry

Numerous data and studies show that millennial women are better educated than their male counterparts; they are armed with technology and social media; and they are not afraid to articulate their values and challenge stereotypes. As a result, millennial women come into the workforce with a can-do attitude, not expecting gender to be a factor that impacts their day-to-day lives in the office. However, they experience a sobering “culture shock” as they realize gender-based issues and expectations to fulfill traditional gender roles persist.

This culture shock starts to set in and take its toll four to five years into their careers. During these years, the day-to-day manifestations of the gender-based issues slowly build up. While both men and women realize the personal sacrifices that will have to be made to reach the top, women face an additional burdens: greater uncertainty about whether they will make it due to lack of examples showing that women leadership is valued; societal expectations that are still in large part traditional; and (on occasion) treatment that is unfair, unpleasant, or discriminatory.

This burden makes women eventually realize that the cost they have to pay for their success is higher than that of men, whereas the potential benefits and opportunities are less certain. Many women opt out when this realization is made: the cost of growing their career outweighs the potential benefits, especially when taking into account the greater uncertainty and obstacles they face. It becomes a risk-weighted cost-benefit decision.

HOW DO WE ADDRESS THE CURRENT ISSUES?

In our interviews and focus groups, we asked both our experienced executives and our millennials the same question: What do we need to do to address these issues?

We encountered a wide range of views and no silver bullet. However, four action items emerged that we believe can provide a starting point. If taken together and with sufficient resolve, they could provide financial institutions with a powerful framework that can help them tackle aspects of the gender inequality issue that have remained unaddressed over the years.

EXHIBIT 5: A GOOD PLACE TO START

SUPPORT WOMEN AT THE INFLECTION POINT

Develop a thorough understanding of the challenges and obstacles women face ~4-5 years into their careers which eventually lead them to opt out

Design specific tools and programs that would support women at this point and help them advance their careers

Do not just provide the tools and programs, but make sure managers and executives on the ground are encouraging their use – involvement and commitment from male managers and leaders is critical

IMPROVE THE TALENT MANAGEMENT PROCESS

Establish a talent brokerage model where hiring and promotion decisions are not made by individual executives, but by diverse committees that have representation from both the business and human resources

Ensure high-performing women are better equipped to manage and drive their career – directing them towards roles and functions that have more direct path towards senior leadership roles (for instance, providing them the skills and training early on to fulfill roles in frontline and P&L functions)

Provide opportunities for women to network in meaningful ways (i.e. at industry events or through associations) – enabling ‘purposeful’ networking

Ensure sponsorship programs exist for women and that they are given the opportunities to grow and be stretched – that the organization takes risk on women who may not have fully proven themselves yet but have high potential

FIX THE ASSUMPTIONS, BIASES, AND PERCEPTIONS

Require unconscious bias and other relevant behavioral training for all management/executive level employees

Ensure employees are fully aware of the nature and extent of the issue and are well equipped to manage and eliminate the problem

Track individual manager/executive success in eliminating invisible barriers through regular focus groups with women

BRING MEN INTO THE SOLUTION

Launch campaigns to explain and demonstrate how men can be a part of the solution

Have men at all levels participate in “women’s efforts” such as women’s networks and sponsorship/mentorship programs – involve men who are *authentic* in their support of diversity and inclusion efforts

Appoint executive men to lead women’s efforts and set an example for the younger men

Have senior women mentor junior men – creating more relationships that go across generation and gender, and as a result, leading to greater understanding, sensitivity, and awareness



FOCUS OF FEEDBACK PROVIDED BY EXECUTIVES

FOCUS OF FEEDBACK PROVIDED BY MILLENNIALS

Both executives and millennials highlighted initiatives in each of the above four areas as critical pieces of the puzzle. However, the emphasis placed on individual areas slightly differed across the generations. Being in a position to drive organizational change, executives focused more on the higher-level, strategic solutions that would allow institutions to better support the development of women's careers. Being closer to the actual manifestation of the issue, millennial women focused more on the granular steps that need to be taken to engage all employees on the issue, and address the day-to-day aspects of the problem.

What was uniformly agreed across both generations is that there needs to be very demonstrable "commitment at the top" supporting cultural change, whether through these four items or any similar effort. Setting the tone at the executive level and leading by example will inspire more junior employees – and even make them feel obliged – to follow suit. It's also important to realize that the day-to-day work, opportunities, and promotions of junior women are largely driven by middle managers; as such, it is critical to ensure that the "tone from top" on this issue reaches all levels, departments and business units.

"It's important to have people believe in you, to take chances on you. But you also have to be fearless and willing to make mistakes along the way. It's all in your perspective. Whenever I pushed myself and took risks with my career, I asked myself: 'What's the worst that could happen if this does not work out?' Taking this view enabled me to be more confident, to not be afraid of failing, and to step out of my comfort zone"

Andrea Smith, Chief Administrative Officer, Bank of America

"Sponsors are incredibly important to achieve success. It's not just a mentor but someone who is willing to take risks on you and promote you. In essence, co-linking their career to yours"

Beth Johnson, Chief Marketing Officer and Head of Consumer Strategy – EVP, Citizens Bank

The institutions in the US that have been ahead of the industry in gender diversity efforts are generally also the ones that have already launched efforts in the four areas identified above, with commitment from executives that resonate across all levels of the organization. These institutions also tend to be the ones that have businesses focused on driving innovation, building long-term franchise and brand value, and fostering lasting client/customer relationships. These types of cultures more fully embrace talent management and diversity. Women at these institutions also expressed their appreciation for a career progression culture that does not follow the more traditional "up or out" model, but allows for lateral movements that enable employees to try different roles and develop different skills without being pressured to seek the next upward promotion opportunity.

"Today, you cannot get enough talent from one demographic pool, so banks that do a good job at diversity and inclusion will win because they will have better talent. Talent comes from so many diverse sources, to be successful all of them need to be tapped"

Jenn LaClair, Chief Financial Officer, PNC Businesses

"Innovation and diversity go hand in hand. More women lead to more diverse opinions, which a key ingredient for innovation"

Julie Winkler, Senior Managing Director, Research, Product Development and Index Services, CME Group

LOOKING AHEAD – WHERE TO FOR THE MILLENNIALS?

Millennial women and how they view their future will be a key factor determining how much progress we make towards gender equality.

“Millennials are the most transformative generation since the Baby Boomers”

Beth Mooney, Chairman and Chief Executive Officer, KeyBank

“The millennials are a very large generation. They will change the world. Current leaders need to embrace the change”

Diana Reid, EVP and Head of PNC Real Estate, PNC Financial Services Group

On the one hand, millennial women are well-educated and empowered, they believe in fairness, and they are not afraid to stand up for themselves. This should bode well for the women in the industry as this generation will be more confident and assertive in seeking what they see is rightfully theirs.

On the other hand, millennial women are not timid about following their own personal path and chase fulfillment in a number of different ways. Their allegiances do not rest in one place and they have a greater willingness to leave if they think the organization is not living up to their values. This could mean that a great number of women choose to leave the industry. While this may be good for the individual women who are choosing their own paths, it could have severe consequences for the industry in terms of “brain drain” in the longer term. This would not only have negative economic implications for the industry through lost talent, but also substantially hinder the advancement of women in financial services. It may also

reinforce the stereotype that women leave for family reasons and that the industry is incompatible with work-life balance priorities.

Currently it is not possible to tell which direction we are headed in. However, we conclude that it is vital for the industry to steer towards the former path by taking steps to address the invisible aspects of gender inequality, while continuing with existing efforts to address its visible components.

Among all this uncertainty, however, one thing seems clear: this journey is going to take a long time. It is not going to be easy, but we have already made substantial progress. The industry has recognized the importance of diversity; both women and men have shown significant commitment to solving the problem; and the industry as a whole has shown tremendous ability for innovation, creativity, and problem solving. If we continue working together and keep the momentum up, gender can become an issue of the past for future generations.

“Do people realize how amazing women are? We are so strong and resilient!”

Millennial woman working in the financial services industry