



A Bain & Company survey shows that current gender-parity initiatives are just not working. Organizations need bold, new approaches to bring women back on the leadership track—and double the talent pool.

# The great disappearing act: Gender parity up the corporate ladder

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## Introduction

Ambition, competence, determination and resourcefulness do not come with gender labels. Indeed, as the world economy increasingly shifts from brawn-power to brain-power, women are joining the ranks of the employed in greater and greater numbers. Women now constitute nearly 50 percent of the US workforce. In the EU, women filled 75 percent of the 8 million new jobs created since 2000. Globally, for the first time in a century, working women coped with economic adversity better than men: In the US, men suffered 75 percent of all the jobs lost in the recent recession<sup>1</sup>.

But then, something disturbing happens to women as they climb rungs up the corporate ladder – they disappear. Women have yet to rise to leadership levels at the same rate and pace as their male counterparts. Women enter the workforce in large numbers, but over time steadily “vaporize” from the higher echelons of organization hierarchy. In 2009, only 3 percent of Fortune 500 companies had a female CEO<sup>2</sup>. In Europe, women constitute just 12 percent of the boards of directors of FTSE 100 companies<sup>3</sup> – 25 percent of these companies still have all-male boards<sup>4</sup>.

In recent years, while women gained ground on gender equality issues like discrimination and harassment, they continued to struggle on gender parity issues like career development and access to leadership positions. As they try to balance priorities such as career-building and care-giving, often they find themselves slipping behind in the race to the top. While many organizations offer myriad flexible-work programs to help women return to the workforce, few currently have innovative promotion policies or growth paths in place that rejuvenate the careers of employees (male or female) who return to the fold after a break of few years. Increasingly, instead of languishing in stalled careers, women opt to become entrepreneurs. Every day in the US, 1,600 new businesses are started by women entrepreneurs. Women-owned businesses are growing at twice the rate as all other businesses<sup>5</sup>.

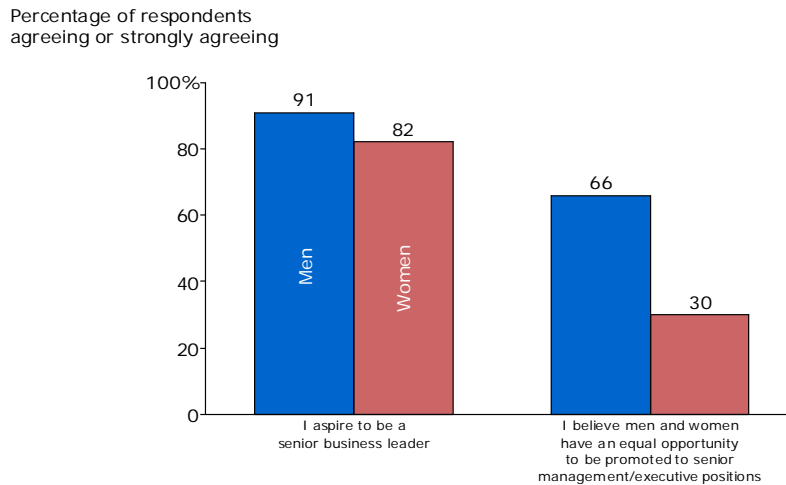
As the economy picks up, management teams will again need to focus on finding and keeping top talent – men and women. Organizations will find filling the talent pipeline difficult if they do not focus on retaining the female half of the workforce. In interviews with the human resources directors at 25 large European companies, Bain & Company found that organizations pay a huge price for ignoring this issue. Our research shows that talent significantly bleeds away when an organization loses a disproportionate number of women employees at middle and senior levels: Even a 5 percent difference in attrition yields nearly two times the number of men than women after 10 years. A 5 percent decrease in female retention, after 10 years, results in the equivalent of wiping out the benefits of increasing female recruitment from 30 percent to 50

percent. And most shocking of all: If one-third of the women employees in an organization go part-time, 50 percent more men than women will tend to be promoted over the next five years<sup>6</sup>.

What prevents organizations from retaining their best female talent and promoting them to top management roles? To understand the hurdles in the path to parity up the ladder, Bain & Company recently conducted a worldwide survey – in association with the Harvard Business Review – on “*Gender Parity in the Workplace.*” The survey attracted more than 1,800 respondents, with nearly 60 percent in senior management or executive positions. While more than 75 percent of the respondents are women, men actively participated in the survey – often providing a provocative and thought-provoking counter-point.

The survey results show that while both men (91 percent) and women (82 percent) aspire to be senior leaders in their organization, fewer women realize their dreams than men. While 66 percent of the men report that they believe women share equal opportunity to be promoted to leadership and governance positions, less than a third of the women feel the same (*see Figure 1*). The survey findings and detailed follow-up interviews indicate that three major issues block the way to gender parity in many organizations.

Figure 1: Women want to lead but feel they do not have equal opportunity to reach the senior ranks

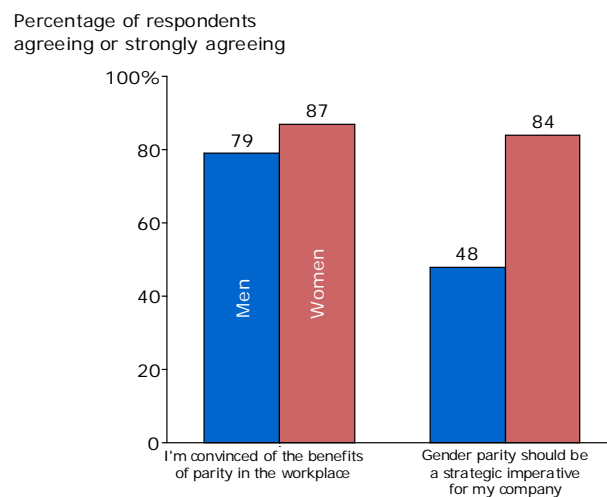


Note: Scale of 1-5 (“Strongly disagree” to “Strongly agree”)

## I. Real perception gap exists on the current state of gender parity

Despite the high number of women entering the workforce, many organizations are still not convinced of the business case for gender parity in organizations. The Bain survey reveals that while most men and women agree that gender parity in general is a desired goal – the two sexes diverge in their opinions when the question focuses on just how important gender parity should be in *their* organization. While a majority of all respondents – men and women – support the idea of gender parity in the workplace, when asked whether parity should be a business imperative in their organization, it is the women who vote strongly in favor of the strategic commitment: More than 80 percent of the women agree or strongly agree. However, only 48 percent of the men feel that achieving gender parity should be a critical business imperative for their organizations (see *Figure 2*).

Figure 2: Men are not fully convinced of the business imperative for gender parity

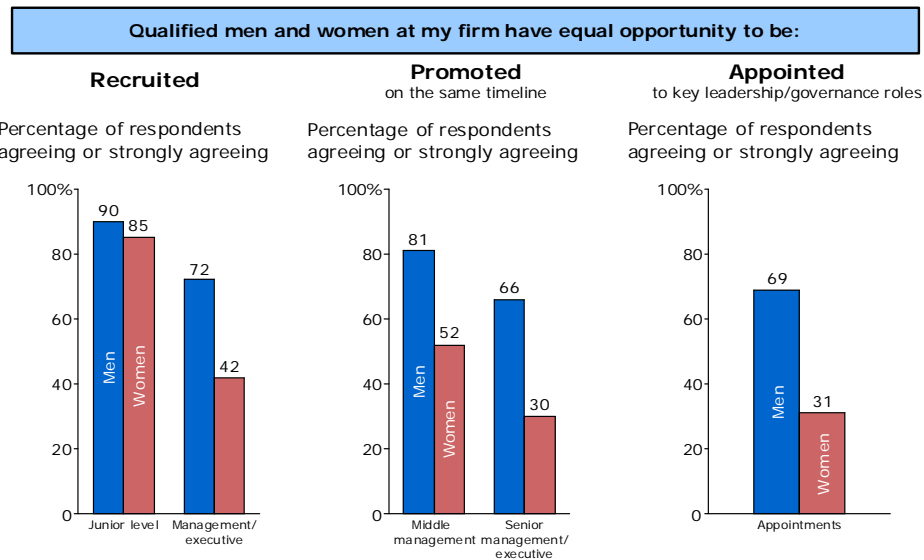


Note: Scale of 1-5 ("Strongly disagree" to "Strongly agree")

Men consistently perceive greater gender parity than women when it comes to key workforce milestones like recruitment, promotions or appointment to leadership positions. Interestingly, both men and women feel that gender parity visibly wanes at senior levels of their organization. The survey results show, for example, a majority of both men (90 percent) and women (85 percent) believe that at their companies qualified candidates of both genders have equal opportunity to be recruited into junior level positions.

But when asked about recruitment or promotion into management or executive positions, both men and women are less likely to agree that parity exists – and men see a rosier picture than women. In the survey results, about twice as many men as women feel that women have an equal chance as men of being recruited in executive roles, promoted on the same timeline into executive roles, or appointed to key leadership or governance roles (see Figure 3).

Figure 3: There is a sizable perception gap between men and women on the current state of parity



Note: Scale of 1-5 ("Strongly disagree" to "Strongly agree")

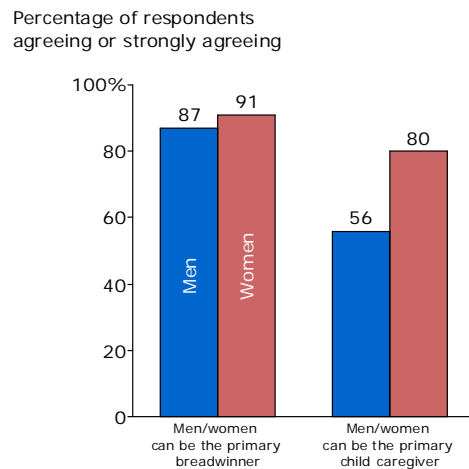
Clearly, as long as there is a perception gap between genders, it will be harder for organizations to pursue the goal of gender parity – particularly as key decision-makers in top leadership positions are currently more likely to be male, and they might or might not perceive parity standards in the same way as the women who work for them do. Says a female senior manager, from a large insurance company based in North America: "The corporate world's ladder is set up for a man's biological clock, not a woman's. You achieve success climbing in your 20s, 30s and 40s – but that's also when you're building a family. That dynamic needs to change."

## II. Stuck on the "mommy track": Balancing the role of caregiver with career-builder

Despite the rising number of families in the US and Europe where the father stays at home and is the primary caregiver, society has still not shaken off the deep-rooted belief that a woman does that job better. While 80 percent of the

women surveyed feel that both men and women are equally good caregivers at home to children, only 56 percent of the men surveyed agree (*see Figure 4*). Other survey questions that probed deeper revealed that often women drop out of the career race to take care of home – or feel burdened under the dual responsibilities of managing a career and the family. Says a woman executive in the entertainment industry: “In addition to holding a senior executive position at my agency, I am still the wife and mom. I still cook dinner a few nights a week and do a lot of things that I would not do if I were the husband.”

Figure 4: Women are constrained by the persisting perception that they are more effective caregivers



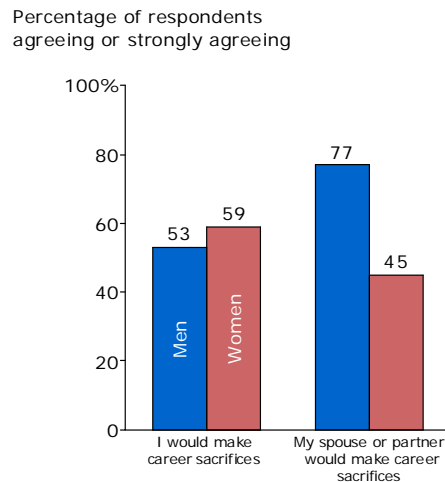
Note: Scale of 1-5 (“Strongly disagree” to “Strongly agree”)

Both men (87 percent) and women (91 percent) vote in large numbers in favor of the belief that either sex could be a primary breadwinner. When it comes to actually making career sacrifices, however, men and women tend to react differently. While 59 percent of women agree they would sacrifice their career for the sake of the household, a slightly lower 53 percent of men feel the same way. Men tend to be more confident than women that their partner would make a career sacrifice: in the survey results, 77 of the men feel their partner would compromise on their career for the sake of family, while only 45 percent of women could confidently make the same claim (*see Figure 5*).

For both sexes, increasingly, finances are often at the core of who would sacrifice what. Says one junior male executive: “Our income differential decides whose career has priority.” A female senior manager in real estate comments: “The

earning potential has a lot to do with which career takes priority. We both make very good salaries, but my husband works in finance (and earns more).”

Figure 5: More male executives have spouses who make career sacrifices for their partner’s sake



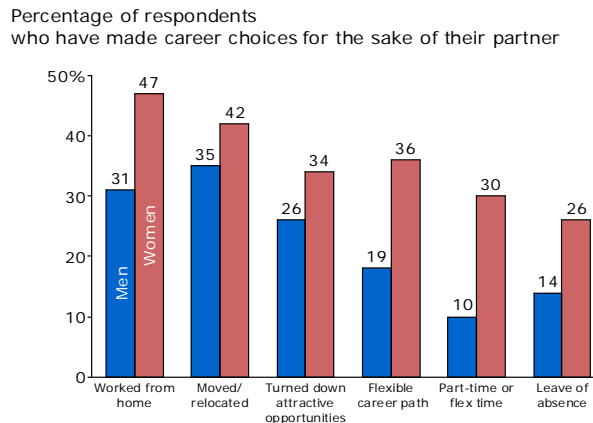
Note: Scale of 1-5 (“Strongly disagree” to “Strongly agree”)

In practice, the survey results reveal that women tend to make more compromises in terms of putting their partner’s career ahead of theirs. They are two times more likely to take a flexible career path or a leave of absence and three times more likely to work part-time. It must be noted though, that the survey did reveal that a growing number of men are willing to make similar sacrifices to support the careers of their partners – it’s just that in the absence of gender parity in the workforce, fewer men are called upon to make those sacrifices as their partner rises to senior executive positions.

According to the survey results, in order to support a partner’s career priorities, more women than men worked from home (women: 47 percent; men: 31 percent); moved or relocated in support of the partner (42 percent; 35 percent); turned down attractive job opportunities (34 percent; 26 percent); pursued a flexible career path (36 percent; 19 percent); opted for part-time or flex-time work (30 percent; 10 percent); or simply took a leave of absence from work (26 percent; 14 percent) (see Figure 6).



Figure 6: Women are still more likely to make career accommodations than men



Unless organizations find ways to help employees balance work-life priorities – and encourage both male and female employees to pursue those options – it will be impossible to achieve gender parity. The survey reveals that just as, often, behind a successful man there is a supportive partner staying at home – behind many successful senior woman executives too is a supportive spouse. Says a female executive with adult children: “I am the breadwinner of the family. My husband’s career allows for flexibility to support my demanding hours and travel. Without that, I couldn’t do what I do.”

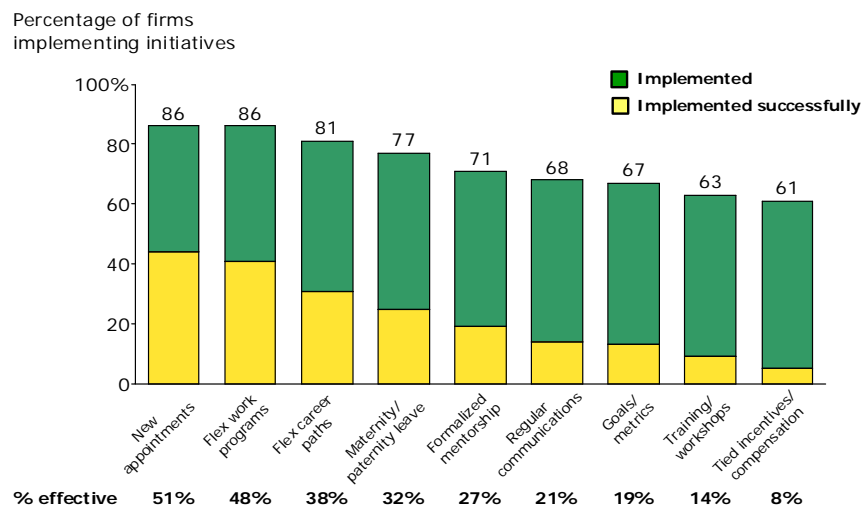
### III. Organizations have to show sustained commitment and action on gender parity

The survey results send a strong message to business leaders that the majority of employees do not see the current initiatives aimed at helping achieve gender parity as successful. The single most important test employees put their organization to: the number of women rising to the top. The survey results reveal the frustration employees feel with their organization’s existing initiatives on gender parity – or worse, complete dissatisfaction with the organization’s insensitivity to the progression of male and female career paths.

More than three-quarters of the respondents in Bain’s survey say their company has implemented gender-parity initiatives – such as flex-work programs and mentorship – but many feel these programs are not effective. Only one in four respondents feel that their company leadership sees gender parity as a priority

and only one in five believe their company has committed adequate resources to the initiatives. As few as 14 percent say they receive effective gender parity training or workshops and only 8 percent of the respondents feel that their firm succeeds in linking incentives and compensation to gender-parity goals (see Figure 7). Says a woman junior manager in a global accounting firm: “Large corporations are deeply entrenched in their ways and despite good intentions, are having a difficult time making this transition (to gender parity).”

Figure 7: Most companies have not been successful at implementing gender parity initiatives



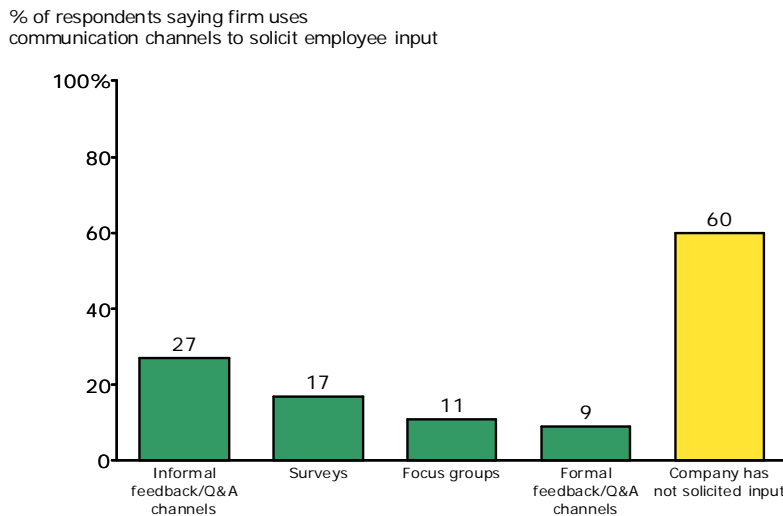
Note: Scale of 1-5 (“Very ineffective” to “Very effective”)

Companies also need to measure the current state of gender parity, as well as monitor the progress of gender parity goals – across all levels of the organization. The survey results show that many employees feel that their company does not collect enough data on gender parity issues. Less than 20 percent of the survey respondents report that their company uses gender parity metrics effectively. The feedback is no better for other talent-management metrics: Less than half of those surveyed know if their company tracks measures like the percent of women recruited, women promoted and women retained. For organizations genuinely seeking to help women rise within the ranks, the message is clear: It is hard to change when you don’t have the right metrics to measure improvements.

Another strong signal from employees: Include them in the design and communications of the organization’s gender parity program. In many organizations, even if there is senior management commitment to gender parity, employees feel no engagement with the agenda. About 60 percent of all survey

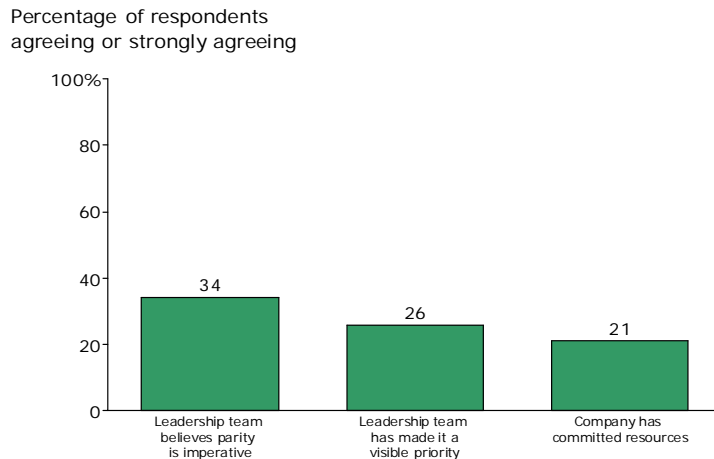
respondents report that their company does not solicit any input from them on developing gender parity initiatives (see *Figure 8*). About one in ten states that their company does not provide any formal feedback mechanism or opportunity for open dialogue through questions and answers, on the subject. For true commitment to gender parity, companies need to ask employees what they need to make work-life balance sustainable.

Figure 8: Most companies are not engaging employees on the issue of gender parity



The Bain survey results reveal that employees are quick to spot when their company is merely paying lip-service to the cause – and look for key indicators like top management commitment, adequate resources for initiatives or clear and open communications as cues for a serious investment in gender parity issues. In our survey findings, few companies met the mark on signaling to their employees that they are genuinely committed to gender parity. Nearly two-thirds of the respondents do not feel their leadership team believes in parity as a company-wide imperative. In nearly 75 percent of the companies, the leadership team has not made gender parity a stated and visible priority and nearly 80 percent of the firms have not committed resources to the initiatives (see *Figure 9*). One Europe-based female senior manager in a global energy firm says: “Unless senior leaders of the organization are sincerely and genuinely committed to achieving gender parity and putting some metrics and muscle behind it – it won’t ever happen in my lifetime.”

Figure 9: Most employees feel their company is not genuinely committed to gender parity



### Gender parity: What you can do about it

Each organization faces unique challenges on gender parity – and therefore needs to develop the right solution that works well for it. All organizations, however, have to tackle two key issues if women and men are not to pay a penalty for taking time out of the workforce to manage family responsibilities:

- First, gender parity needs to be a stated strategic priority for the organization and management must demonstrate all the rigor – measurement, tracking, resource allocation, accountability, and the full commitment of top leadership – it usually displays when the organization pursues critical business goals;
- Second, companies need to develop less rigid promotion processes and career paths – and actively promote and “de-stigmatize” flexible career arcs within the organization – so that employees flourish and grow in stop-and-start careers. While that is critical in the context of women who take time off to raise children, it is equally important for all employees – male and female – as over the course of their career, they balance life issues such as starting a family, looking after an ailing partner, or caring for aging parents. Companies must ensure that promotion processes do not penalize those who take advantage of flex- or part-time opportunities and make sure that the re-entry process is seamless.

Companies that do make gender parity an integral part of their strategic goals report that the pay-off is at multiple levels. By retaining women employees over the long term, companies create a deeper talent pool to dip into for developing leaders – plus they save enormously on costs such as retraining and recruiting new replacement talent. Large professional services firms have claimed to have saved tens of millions of dollars through effective gender parity initiatives that welcome women back into the organization and put them on a promotion track. Clearly, as the war for talent increases in the future, leaders will need to do the gender math. Increasingly, for most CEOs – male and female – managing gender parity is not a luxury: it's a necessity to ensure continued growth and success in the global marketplace.

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<sup>1</sup> "Women in the workforce: Female power." *The Economist*, Dec. 30, 2009.

<sup>2</sup> "Fortune 500 2009: Top Women CEOs." *Fortune*, May 4, 2009.

<sup>3</sup> "Corporate Britain is failing women." Cranfield University School of Management, November 19, 2009.

<sup>4</sup> "No women directors on 1 in 4 FTSE 100 boards." The Institute of Commercial Management (ICM), November 19, 2009.

<sup>5</sup> King, Steve, Anthony Townsend and Carolyn Ockels. "Demographic Trends and Small Business." *The Intuit Future of Small Business Report*, January 2007.

<sup>6</sup> Sophie Serratrice and Bertrand Pointeau. "Gender Balance at the Top: Linking Diversity & Leadership Supply." *Bain & Company*, 2008.

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**The Great Disappearing Act: Gender Parity up the Corporate Ladder**

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