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I appreciate the opportunity to discuss how to further the advancement of women in the Financial Services Industry. As you may know, I have done a great deal of research on this topic and have had the opportunity to partner with many companies to help them achieve this goal. I believe it is a core responsibility of leading companies and our government to ensure that one of the nations greatest assets--our talent pool--is fully engaged to its greatest potential.

Even as headlines tout the number of women CEOs at Fortune 500 companies at an “all-time high,” there are still just 33 women at the helms of the nation’s largest businesses in 2019. And, while women represent half of all financial services and insurance employees overall, there are no women running major financial services companies. Fewer than one in five have C-suite roles, according to a recent report by McKinsey & Company.<sup>1</sup> The concrete ceiling remains firmly in place in this sector.

It’s not for lack of effort. Financial services companies were among the first to embrace the cultivation of greater gender diversity, and 90 percent say they’re committed to it.<sup>2</sup> Despite decades of effort, the financial services sector’s gender equality movement has not made necessary gains. Why?

Diversity-focused tactics don’t work without an effort to create an inclusive culture that not only attracts women but makes them feel welcome and valued.<sup>3</sup> To truly change the ratios of women and other marginalized groups who are in power, it’s important to first look at the factors that cause the gap, and then devise solutions to overcome them.

***The Value Proposition of the Industry.*** Financial services careers are known for offering lucrative salaries and benefit packages in exchange for often unrelenting career demands. Long hours, extensive travel, and personal sacrifices make senior roles unsustainable for and unappealing to many women, who still take on the majority of home responsibilities and the now well understood mental load of household management. While many financial services players have implemented policies and programs to tweak the value proposition at the edges, they have not examined or addressed the core reality that the way work gets done in the industry does not attract or capitalize on the potential of the changing face of the U.S. talent pool.

***Relationship capital.*** The right relationships make or break a career. They provide access to the power and information needed to achieve career success. According to Working Mother Media’s

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<sup>1</sup> McKinsey & Company, “Closing the Gap: Leadership Perspectives on Promoting Women in Financial Services,” 2018.

<https://www.mckinsey.com/~/media/McKinsey/Industries/Financial%20Services/Our%20Insights/Closing%20the%20gap%20Leadership%20perspectives%20on%20promoting%20women%20in%20financial%20services/Leadership-perspectives-on-promoting-women-in-financial-services.ashx>

<sup>2</sup> McKinsey report.

<sup>3</sup> <https://hbr.org/2017/02/diversity-doesnt-stick-without-inclusion>

research, men are more likely than women to receive advice on how to advance (54 percent vs. 31 percent) or be invited to a roundtable with senior executives (63 percent vs. 39 percent).<sup>4</sup> Women's networks tend to be focused on content and emotional support rather than power.

***Hidden off-ramps.*** The financial services sector's notoriously closed networks as well as the gender bias that permeates many organizations are costly for women. They may not be chosen for—or may not know about—growth opportunities. Working Mother Media's research found that men (46 percent) are more likely than women (14 percent) to be encouraged to take on more profit and loss (P&L) responsibility, as managing budgets and spending is an important stepping stone for growth.<sup>5</sup> Before they realize it, they're shut out of important stretch assignments and growth opportunities because of the micro-opportunities they haven't been privy to along the way.

***Bias still undercuts opportunity.*** There is a large body of research that reminds us of the unchanging fact that women are likely to be perceived negatively if they negotiate their salaries or other compensation.<sup>6</sup> This robust finding appears unchanged even in the face of considerable investment in unconscious bias training.

## **Breaking through**

Strategic leadership and cultural support is the critical step to address the financial services sector's gender diversity gap. There are proven solutions that can lead to real and lasting change.

***Secure commitment and modeling from leaders.*** Any culture shift needs to start with the support and participation of leadership. C-level management should be vocal about not just the company's commitment to advancing women but also why it is critical to business success and future sustainability of the company. Leaders then need to be visible in their participation in making sure it happens. This includes measuring the things that matter--the leading indicators of a diverse and inclusive culture--and holding other leaders accountable for their results. Diversity is a business problem and it needs to be treated as such.

***Establish new work norms.*** Forward-thinking companies in the technology, pharmaceutical, and professional services industries have made impressive strides in improving the way work gets done in their industries. They have asked the critical questions that have led to new, more sustainable, demands around travel, 24/7 availability, unpredictability of assignments, team composition and allocation of work, location of work, time off around the addition of a child to one's family, and, critically, how to manage stress and mental health in the workplace.

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<sup>4</sup> Working Mother Research Institute, "The Gender Gap at the Top: What's Keeping Women from Leading Corporate America," June 2019.

[https://www.workingmother.com/sites/workingmother.com/files/attachments/2019/06/women\\_at\\_the\\_top\\_correct\\_size.pdf](https://www.workingmother.com/sites/workingmother.com/files/attachments/2019/06/women_at_the_top_correct_size.pdf)

<sup>5</sup> Working Mother Research Institute report.

<sup>6</sup> National Bureau of Economic Research, "Knowing When to Ask: The Cost of Leaning In," December 2016. <https://www.nber.org/papers/w22961>

***Build relationship capital opportunities.*** While nearly two-thirds (62 percent) of men have a strategic network of coaches, sponsors, and mentors, just 41 percent of women can say the same, according to Working Mother Research Institute's findings.<sup>7</sup> Companies should teach leaders how to sponsor high potential talent across lines of difference and hold them accountable for developing talent across the spectrum of diversity. It should be considered a core competency of leadership to develop the talent pipeline. Managers and individual contributors should know and understand how to effectively build relationships across difference--the proven strategies to interrupt bias and the subtle ways their behavior may inadvertently cut off their networks from people who are not part of the majority group.

***Measure what matters.*** Conduct regular pay equity audits and ensure that employees are being paid fairly for equal work. Track not just the lagging indicators of diversity (e.g. representation at level and turnover) but also the leading indicators of inclusion (e.g. leader behavior, candidate access to stretch and development opportunities, perception of bias within the system). Communicate to all employees where gains need to be made and why they should work toward this shared goal.

***Ensure progress is being made for all women, not just white women.*** Most of the gains made by women in corporate America have been made by white women. The falloff between entry level job and c-suite job is steep for white women but it is far more dramatic for women of color.<sup>8</sup> Without proactive efforts to ensure that women aren't addressed as a monolithic group the financial services industry is at risk of repeating the same mistake.

By treating diversity and inclusion like the business problem it is, companies in the financial services industry can make impressive strides to ensure their competitiveness for the future of work.

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<sup>7</sup> Working Mother Research Institute report.

<sup>8</sup> 2018 LeanIn.org and McKinsey Women in the Workplace Study