

# GENDER PARITY IS A MALE LEADERSHIP ISSUE

## Richard Stein

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*With increasing attention focused on gender parity around the world, companies and countries alike are working to introduce and effect policies and initiatives to advance the numbers of women in leadership roles and reduce pay inequity. Yet the most obvious strategy is the simplest – men must lead the charge.*

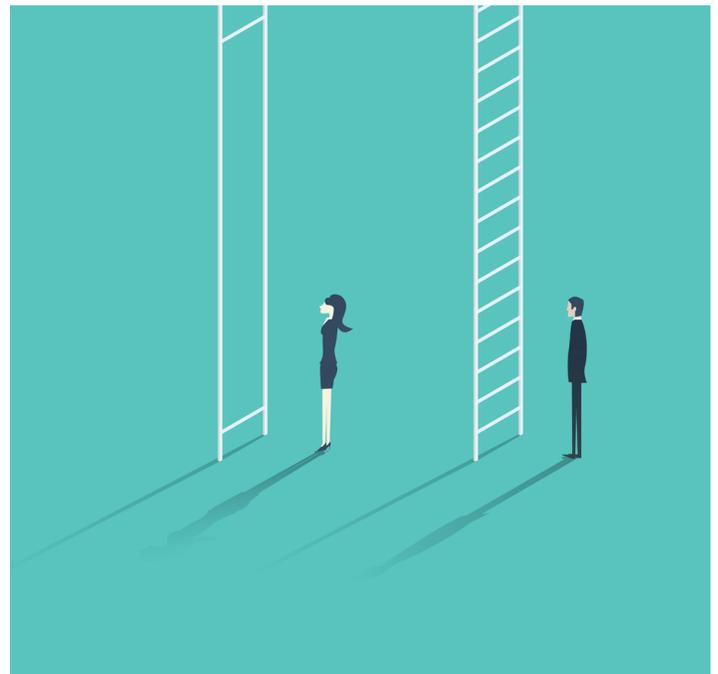
International Women's Day. Equal Pay Day. #MeToo. As each has drawn attention to the status of women around the world of late, men may well wonder, "How will women solve gender discrimination?" The simple answer: they can't. In a world of overwhelmingly male-led organizations, it is men who must lead as allies for women in the workplace.

Whilst women represent 44.7% of employees in S&P 500 companies, they hold just 26 (5.2%) of CEO positions (including GM, Oracle, Pepsi and IBM) and only 21.2% of board seats, according to Catalyst. A 2016 study conducted by McKinsey and LeanIn.org concluded that at current pace, "it will take more than 100 years for the upper reaches of US corporations to achieve gender parity."

To be sure, there are significant variances across industries. Women are often found in greater numbers on the boards and senior leadership teams of apparel and retail companies, and less frequently at companies in energy, technology, or transportation-related fields. Of the 10 companies with the most female leadership, seven are in the apparel and retail industries. Of the 10 companies with the least female leadership, three are carmakers, three are consumer electronics manufacturers, and two are oil and pipeline services companies.

### WITH GREAT POWER COMES GREAT RESPONSIBILITY (SPIDERMAN)

In announcing a gender-balanced Cabinet in 2015, Canadian Prime Minister Justin Trudeau became a global sensation. Visionary leadership by men in C-suites and on boards means



being equally bold and making gender parity a priority with clear targets. Some recent examples include:

- Thirty technology companies (including SAP, AirBnB, Lyft, and Xerox) took a **White House** sponsored pledge to "implement and publish company-specific goals to recruit, retain, and advance diverse technology talent".
- Thirty-plus companies (including American Electric Power, Astrazeneca, Bank of America, Cargill, and Nordstrom) pledged gender parity in corporate leadership by 2030 through the private sector **Paradigm for Parity**.

- **Catalyst’s CEO Champions for Change** (50+ high-profile CEOs whose companies represent more than 9 million employees and over \$1.7 trillion in revenue globally) have pledged to advance more women into senior leadership positions and onto boards and to share their data to collectively measure and report on progress.

Pledges and targets, transparency and measurement, are all important signals that a company – and its leadership – takes parity seriously. The onus to change company policies and bring more diversity into senior leadership and boardrooms starts at the top, and falls on (primarily male) business and political leaders.

**WHEN WOMEN LEAD - ARE BOARDS MORE BALANCED?**

**Equilar** analyzed data on chief executives who had served at least two consecutive fiscal years at companies in the S&P 500, and found that there were 21 female CEOs on the list.

Using **BoardEdge** data to analyze the boards of directors at those companies with female CEOs, **Equilar** found 33.2% of board seats were occupied by women – one-third of their directors compared with one-fifth at companies led by men.

Scores of studies validate that organizations that embrace diversity achieve higher performance. **McKinsey’s Deliv-**

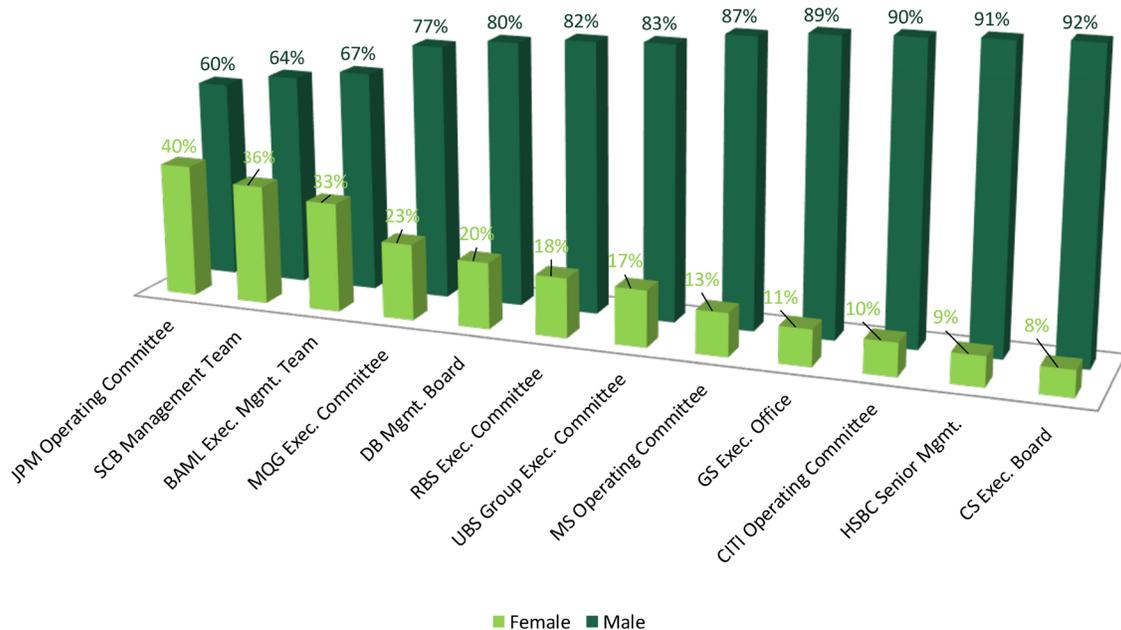
*ering through Diversity* found companies in the top quartile for gender diverse executive teams were 21% more likely to experience above-average profitability. There is also ample evidence that customers prefer to partner with diverse organizations, and that the best talent wants to work for diverse organizations. And investors are increasingly focused on the issue- the **New York State Common Retirement Fund** announced it would vote against all board directors standing for re-election at companies with no women on their boards.

**#PAYMETOO**

Whilst gender balance initiatives have been gathering support among corporate leaders, less progress has been made on reducing wage disparity. According to the **Institute for Women’s Policy Research**, the gap decreased by just 2 percentage points between 2008 and 2017. Equal Pay Day on April 10th this year highlighted that women in the US still make less on average compared with male counterparts. And those in upper level executive and managerial roles earn just 77.5% of male peers.

In Britain, new rules making companies publicly report salary information reveal men are consistently paid more than women, often by a wide margin. This is amongst a growing number of efforts by countries to address equal pay.

**BANKS: WOMEN IN EXECUTIVE COMMITTEES**



Source: Quinlan & Associates

Australia recently mandated gender pay gap reporting for most companies.

In Germany, a new law will require businesses with more than 500 employees to reveal their pay gaps.

Iceland was the first to require employers to submit to external audits to prove they are paying women on a par with men and has pledged to completely close the nation's gender pay gap by 2022.

The Icelandic effort has attempted to address issues that block women around the world from higher-paying positions. Regardless of the country, men hold a disproportionately large number of higher-level positions, while women populate lower-paying fields. Once Iceland began to enforce pay audits, employers began to hire more women for jobs traditionally held by men.

In the United States, the current administration has retreated from an Obama-era initiative that sought to create incentives to close pay gaps. However, 42 states, as well as Puerto Rico and Washington, D.C., proposed new pay equity legislation last year - some make asking candidates about salary history illegal and others require compensation reports for workers within certain job categories or pay brackets.

#### LEADERS LEAN IN FOR PROGRESS ON PAY

Advocacy and action on pay equity is increasing amongst male leadership at leading companies. Examples include:

- **Starbucks** Executive Chairman Howard Schultz and CEO Kevin Johnson have reached 100% pay equity for partners of all genders and races performing similar work in the US and will now work “with deliberate speed” toward closing the gender pay gap for all partners worldwide.
- **EBay** CEO Devin Wenig announced on Equal Pay Day that women employees earn 100% of what men earn in total compensation at the company.
- **Accor** CEO Sebastien Bazin has committed to close the pay gap in his company and triple the number of women on the Executive Committee in 2018. He has also pledged

to recruit 50,000 male employees (60% of the company) to act as **HeForShe** champions for gender equality.

Other companies whose CEOs who support **HeForShe**'s mission to engage men as agents of change in achieving global gender equality include **Barclays** and **Uniliver**. An initiative of the **UN Women**, the organization promotes the idea that “gender equality has significant benefits to both women and men – and therefore we all have a role to play, and all benefit from working better together”. **HeForShe** aims to recruit 1 billion men worldwide to support the issue of gender equality and women's empowerment, starting at a high level with a simple positive pledge, and moving to deeper levels of concrete action and social change.

#### WHAT MORE CAN MALE LEADERS DO?

**Commit** - A diverse workforce starts from the top. If the CEO and board make gender parity a priority, the organization will follow.

**Engage** - A clear and public commitment to building a diverse workforce lets all stakeholders know you intend to develop a culture that attracts, supports and retains diverse talent at all levels.

**Create** –Establish robust talent pipelines, subjective performance reviews, equal career progression opportunities, and mentorship/sponsorship programs.

**Measure** - Set goals for diversity, measure and publicize the results. This also helps to build reputational capital in a time of increasing expectations of transparency.

Companies and societies have much to gain by engaging, developing and leveraging diverse talent. Men in leadership roles can be game-changing allies ... and ensure gender parity doesn't take another century.

## OPTIONS GROUP TEAM



Richard Stein is a Partner, Chief Growth Officer, and Head of OGiQ. He joined the firm in October 2014. With over 25 years of consulting and recruiting experience, Richard is one of the industry's top advisors. His expertise lies in the financial services industry, across wealth management, risk, capital markets, consumer banking, technology and operations. Throughout his career, Richard has originated and executed search and competitive intelligence assignments for major investment banks, hedge funds, asset managers and alternative investment firms around the globe.

In addition, Richard is also a member of the Partners Operating Committee for The Options Group, Richard is directly responsible for the firm's Strategy and Corporate Development Function, Firmwide Marketing and Client Coverage, Business Development and Consultant Support, Competitive Intelligence, Talent Analytics and Consulting, as well as OG University (training and talent development).

Richard began his career at Options Group before founding his own firm, Futures International. He remained at Futures International through its merger with Whitney Group until 2003, then served as Senior Client Partner at Korn/Ferry International. Richard holds a Bachelor's Degree from the University of Buckingham.

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