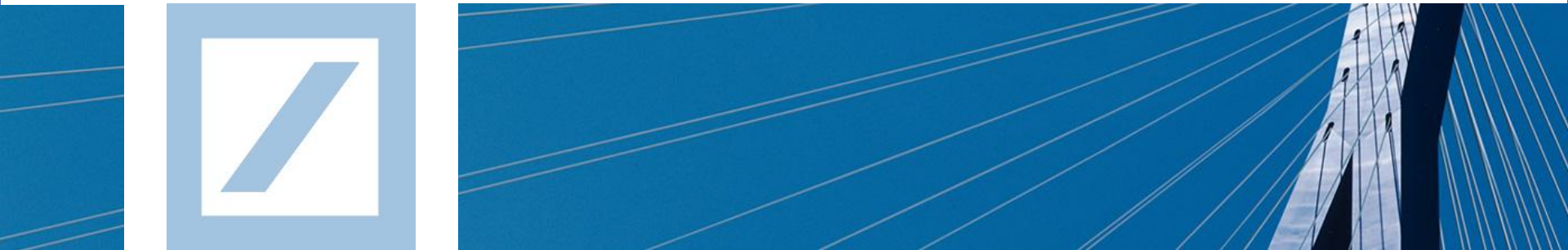


Towards gender-balanced leadership

What has not worked - and what may



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Outline

A

What has not worked: An outdated gender debate

B

The business case for gender-balance in leadership

C

The challenges

D

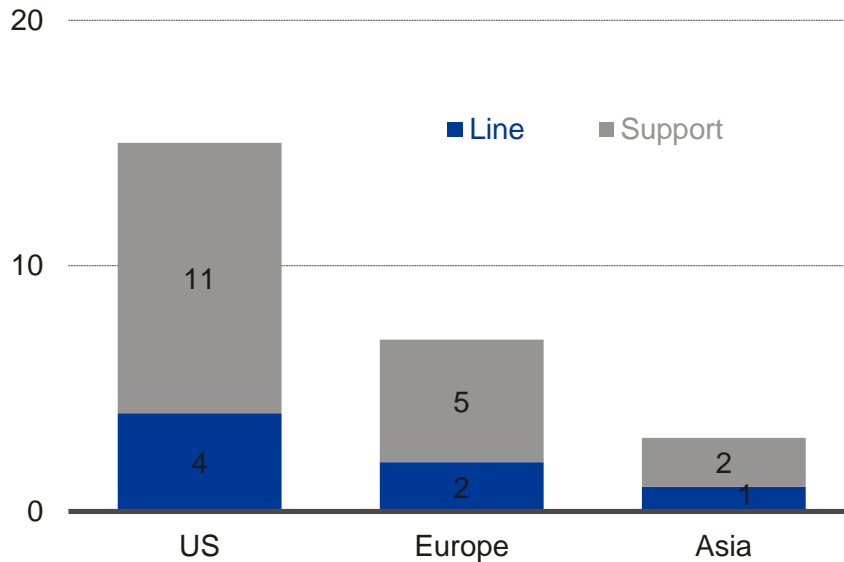
Steps towards gender balance



Gender-imbalance in leadership

Executive committees: Precious few women worldwide

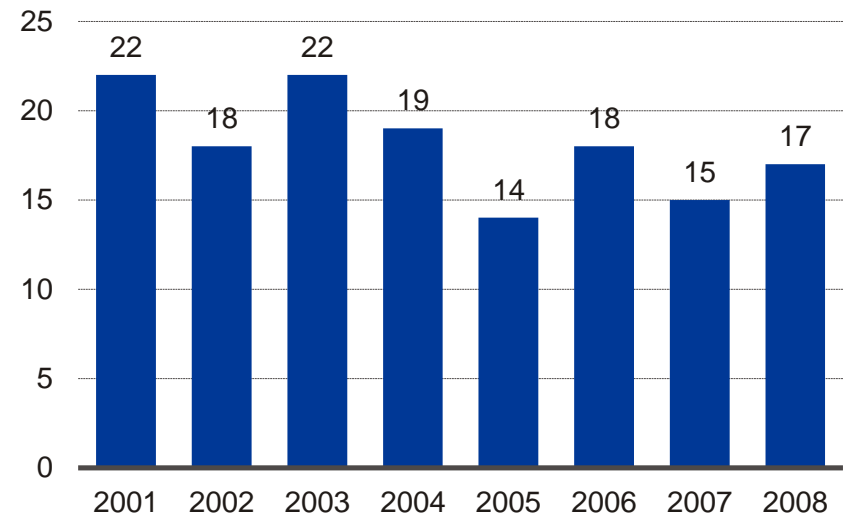
% women, Fortune 101



Source: WOMENOMICS 101 Report (2010), DB Research

Women in top management: No visible improvement

Share of women in Germany's executive committees and business management, %



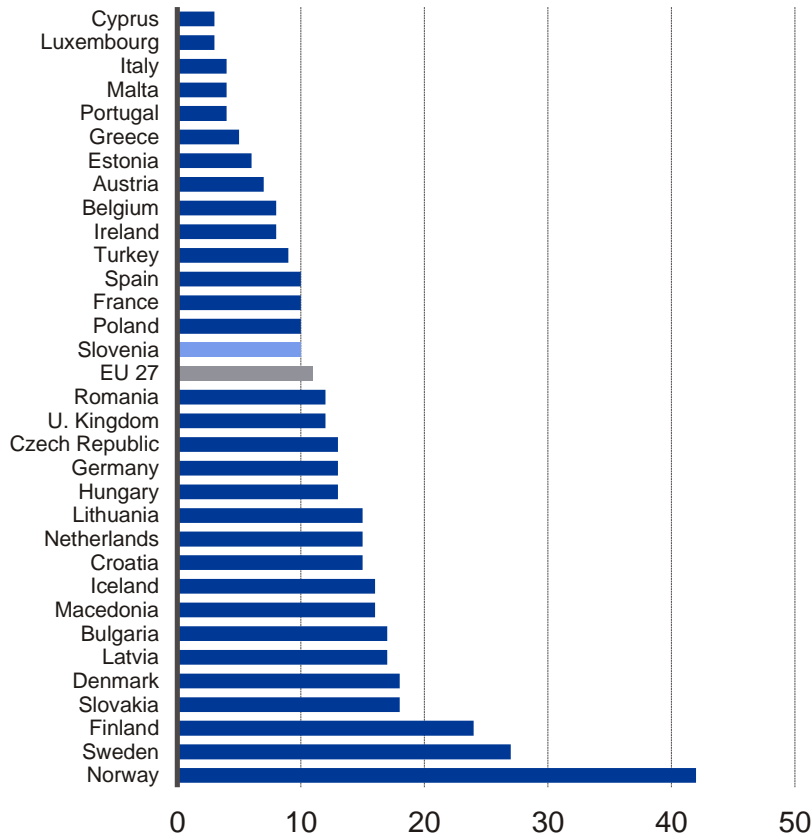
Source: DIW Berlin (SOEP), DB Research



Gender-imbalance in leadership

Highest decision making bodies

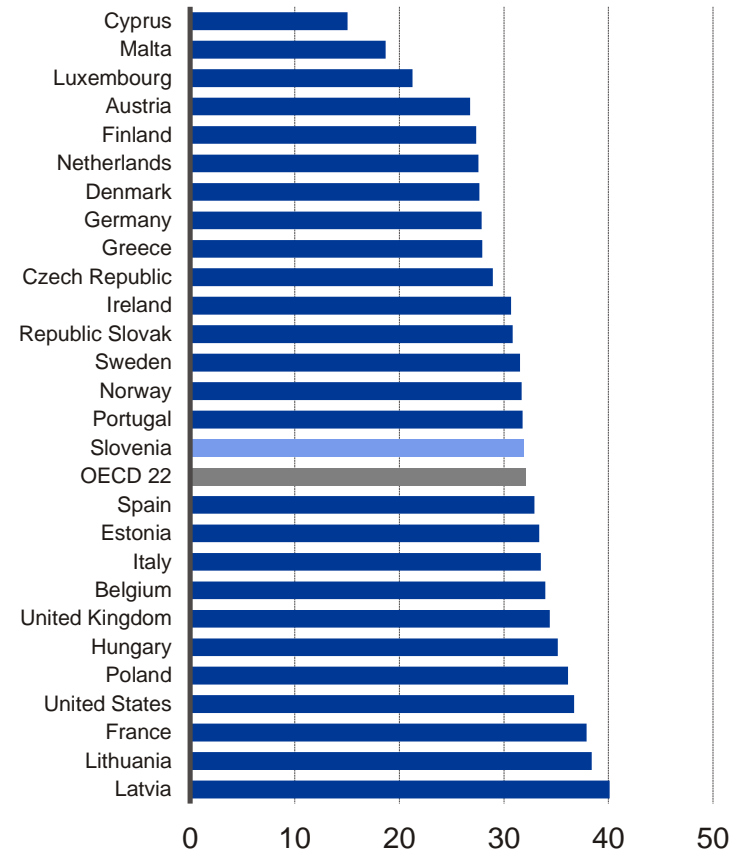
% women, largest quoted companies, 2009



Source: Eurostat

Managers

% women, 2007



Source: ELFS, OECD

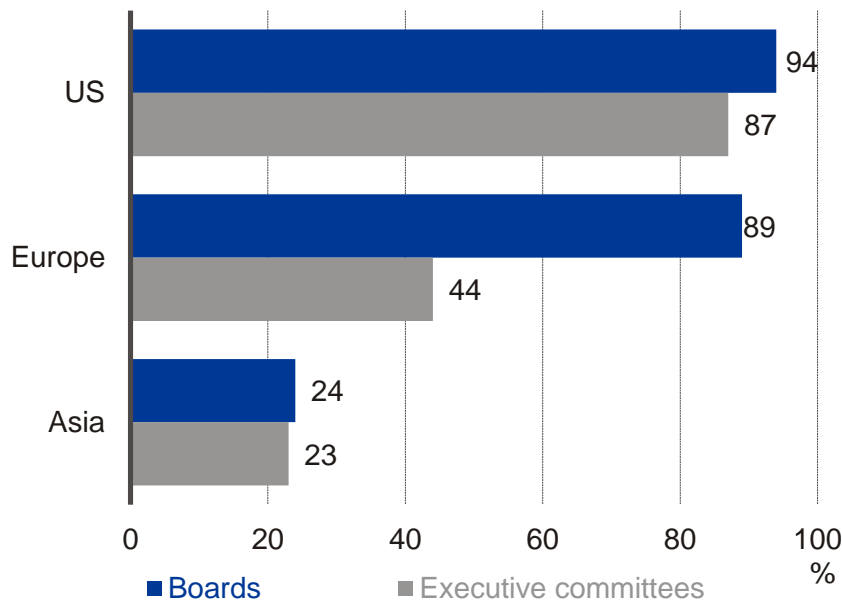


An outdated gender debate (1)

Ethics has been the dominating driving force

Boards and exec. committees

Share of companies with at least one woman on boards and executive committees



Source: 20-First (2010), DB Research

■ Fostering equal opportunities

- ➔ Women considered as victims
- ➔ Underestimates their potential

■ Diversity initiatives

- ➔ Making minorities comfortable with a dominant norm

Value women's difference

Reap the benefits

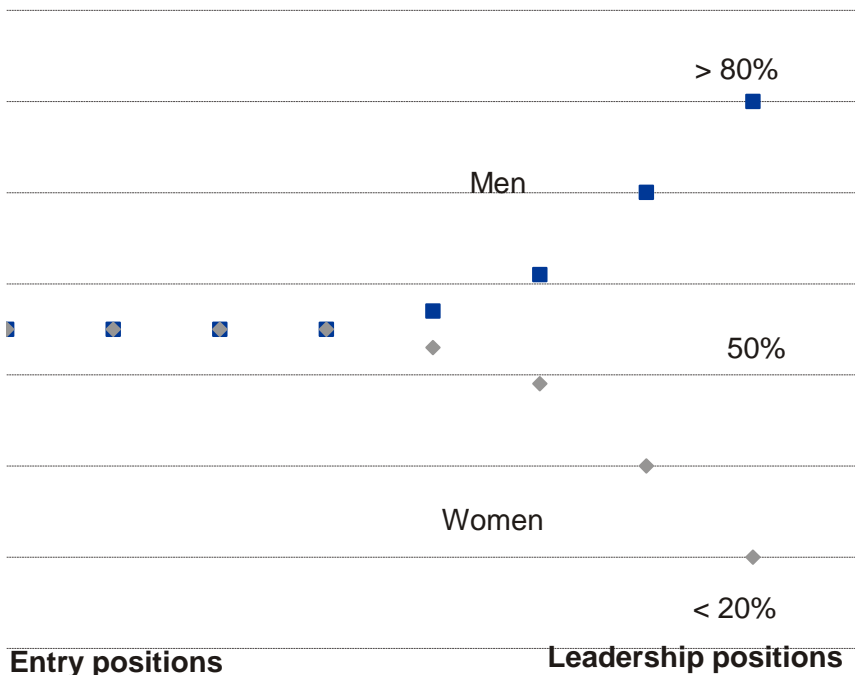


An outdated gender debate (2)

The focus has been on changing the women

Female qualifications unused

% women/men at various levels



Source: Wittenberg-Cox (2010), DB Research

■ Helping the women “make it”

→ Helpful start in countering situation of the “out-of-power”

■ BUT limited use:

→ ignores differences female vs male



Change the approach of companies!



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Why companies need fixing

The business case for gender balance in leadership

1. A larger pool of talent
2. Addressing the increasing influence of women consumers
3. An effective leadership team

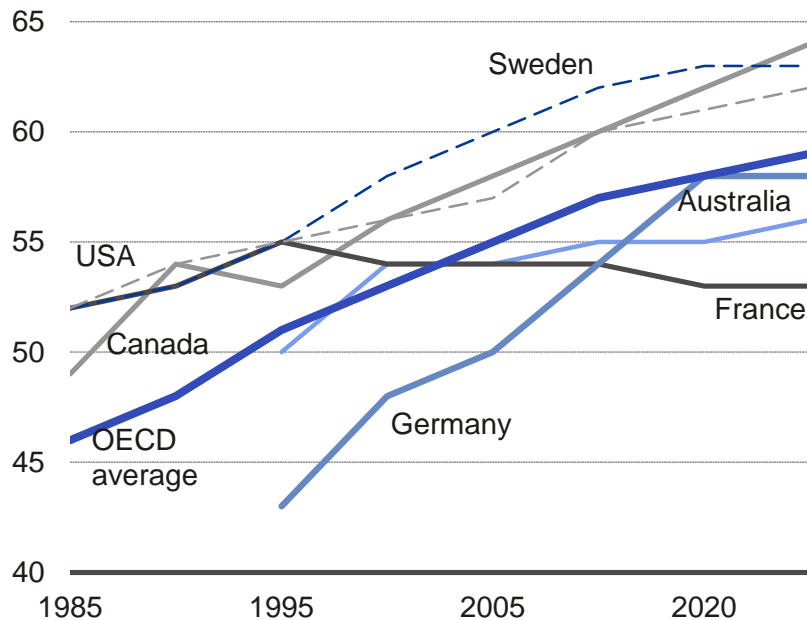


The business case

1- Winning the war for talent

More female students

Women university students, %



Source: OECD, DB Research

■ The demographic challenge

➔ Population of working age:

-16 million (-30%) until 2050

Share of population: 66% → 56%

➔ Shortage of skills

■ Women are becoming better educated



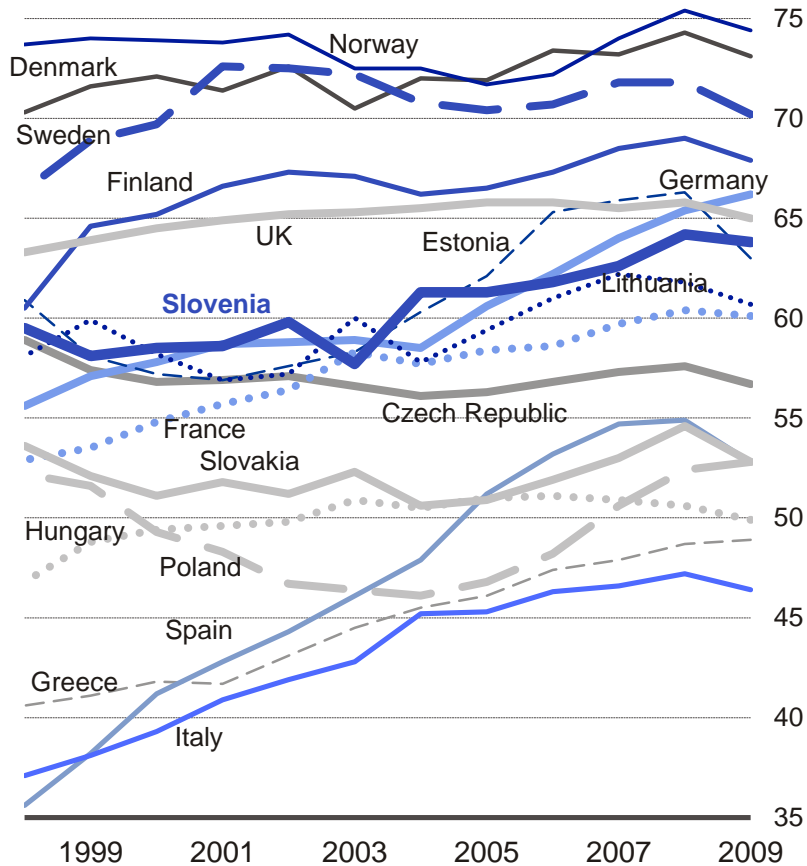
A significant business opportunity

Potential high cost not to promote



Winning the war for talent

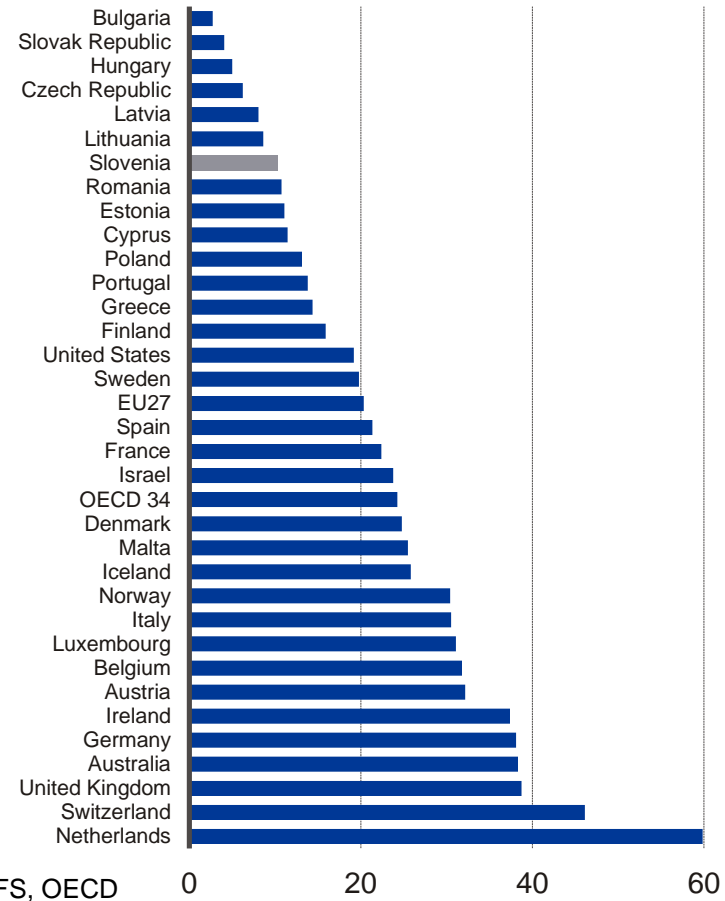
Female employment rate



Source: Eurostat

Part-time employment

% women, 2009



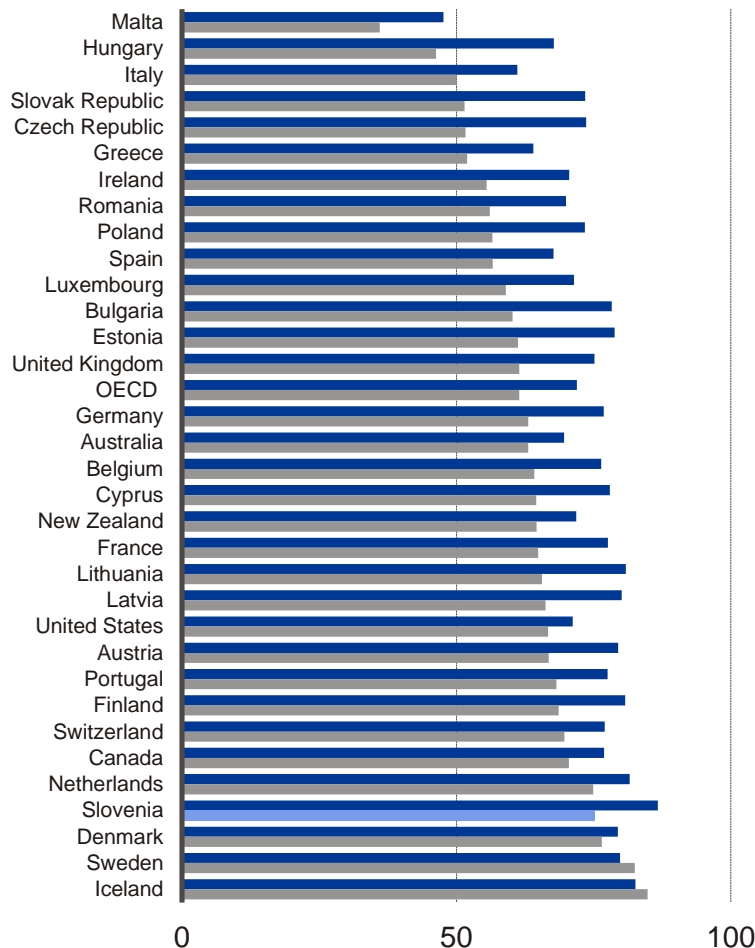
Source: ELFS, OECD



Maternal employment rate

■ Female employment ratio (25-49 age cohort)

■ Maternal employment ratio - child under 15



	Age of	youngest	child
	< 3 years	3-5 years	6-14 years
Sweden	71,9	81,3	76,1
Denmark	71,4	77,8	77,5
Slovenia	74,6	77,8	74,4
Finland	51,8	76,0	76,0
Netherlands	75,0	75,8	74,6
Estonia	27,1	73,6	73,9
Latvia	53,2	71,7	71,4
France	58,6	71,3	66,0
Portugal	67,6	71,0	67,4
Austria	57,9	66,9	71,0
Lithuania	59,5	66,3	68,3
Germany	55,5	64,3	65,9
OECD average	50,9	62,5	66,2
Switzerland	58,3	61,7	77,0
New Zealand	45,1	60,6	75,3
Bulgaria	40,6	60,2	66,7
Poland	48,7	59,5	59,5
Spain	54,8	59,1	56,7
Luxembourg	62,5	58,6	57,2
U. Kingdom	54,0	58,1	67,3
Slovak Rep.	21,6	55,4	64,7
Ireland	56,1	55,3	55,2
Greece	50,9	53,6	51,7
Czech Republic	17,6	52,5	70,5
Hungary	15,5	52,4	58,9
Italy	51,1	51,6	48,9



The business case

2- Adapting to changing markets

The future is female

- **Over 80% of consumer purchases** in the developed world made by women
- The majority of women feel **misunderstood by marketers**
- Likely **easier to understand women** if the leadership includes a few of them
- **Vital** for consumer products geared towards women
- Researching women's expectations / removing gender bias may lead to **rethinking the business** and marketing approach for all customers



The business case

3- Getting an effective leadership team in place (a)

a- Women have their own leadership styles

Gender differences in leadership behaviours

Out of the 9 behaviours which improve organisational performance, women tend to exhibit, in comparison to men:

More	Slightly more	Equally	Less
People development	Inspiration	Intellectual stimulation	Individualistic decision-making
Expectations and rewards	Participative decision-making	Efficient communication	Control and corrective action
Role model			

Source: McKinsey (2010), based on a survey of over 9000 managers, male and female

Important leadership behaviours

- Intellectual stimulation
- Inspiration
- Participative decision-making
- Expectations and rewards

→ There is a **feminine approach** to leadership which benefits companies

→ “Female” strengths are in **higher demand**

→ They are today in **short supply**



The business case

3- Getting an effective leadership team in place (b)

b- Complementary skills of men and women: an asset

In a multicultural, diverse, complex and unpredictable world:

- Homogeneous exec. committees and corporate boards: the best answer?
(white men 50-65, maybe same nationality and/or education)
- Complementary skills and styles of men and women foster creativity
- No blind spots



The business case

3- Getting an effective leadership team in place (b cont.)

More women at the top: better bottom line

-Fortune 500 companies with most women in their top management:

Return on equity: 35.1% higher

Total return to shareholders: 34% higher

-Fortune 500 companies with three or more female directors:

Return on equity: 83% higher

Return on sales: 73% higher

Return on invested capital: 112% higher

Source: Catalyst (2004, 2007)

-Companies with the highest gender diversity in top management:

Return on equity: 10% higher

EBIT: 48% higher

Stock price growth: 170% higher

Source: McKinsey (2007)



The business case

Getting an effective leadership team in place (c)

c- Gender balance in leadership and good performance go together

- Bottom line
 - Organisational excellence, corporate governance
- Positive correlation between gender balance in leadership and performance
- (Causality not proven, but hard to argue that gender balance is not beneficial)

Additionally:

- 72% of respondents to a recent McKinsey survey believe that there is a direct connection between gender diversity and financial success
- Positive correlation between the number of female board directors and female share in senior management



The business case for gender balance in leadership...

1. A larger pool of talent
2. Addressing the increasing influence of women consumers
3. An effective leadership team

... is part of the larger context of embracing structural change

Digitization, knowledge-intensity, demography,
global integration, project economy

- Major implications for the labour force and the work environment,
e.g. career phases
- Overlap between changes benefiting women and those benefiting all



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The challenges

1- Understand women

■ **Communications styles are different**

Men typically oversell their abilities while women undersell them

→ Use reliable measures of performance

■ **A different approach to power**

Politics despised or over-used

■ **Career motivations are different**

Making a difference, being challenged, recognition

■ **Interrupted career cycles** Career often peaks a decade later

→ Raise or abolish age limits for developing “high potentials”

→ Recognize that the linear, unbroken career model is unsustainable



The challenges

2- Incorporate the differences

■ Both women and companies need to adapt

- Women's conferences and leadership training
- Adapt companies's culture and HR systems (bridge the differences, all benefiting)

■ High-potential women are over-mentored...

More likely than men to get mentoring, less likely to get career benefits

■ ... and under-sponsored : Beyond feedback and advice, sponsors advocate for their sponsorees and help to get them to the next level

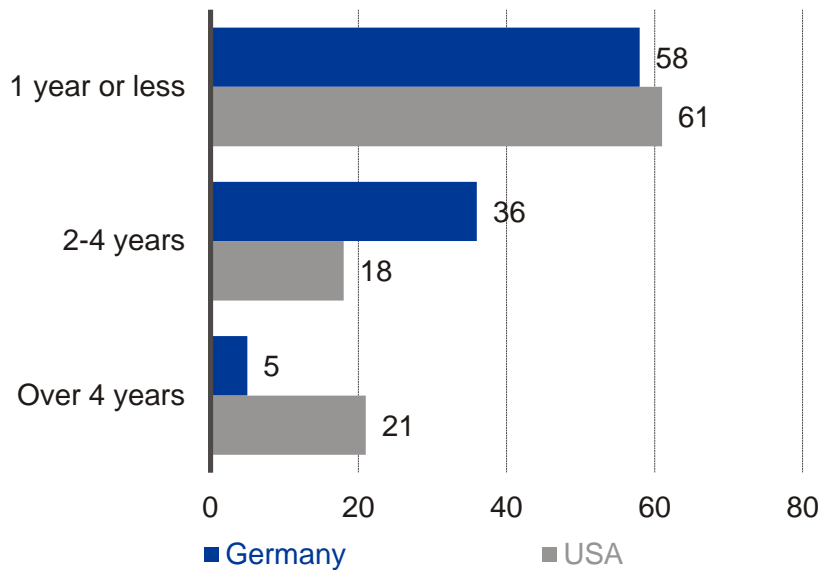
- Also beneficial to increase people skills and ability to give feedback
- Consider **alternative views of power**: more assertiveness training or develop more objective evaluation of performance and potential?



The challenges 3- Remove biases in systems, processes

The career beckons ...

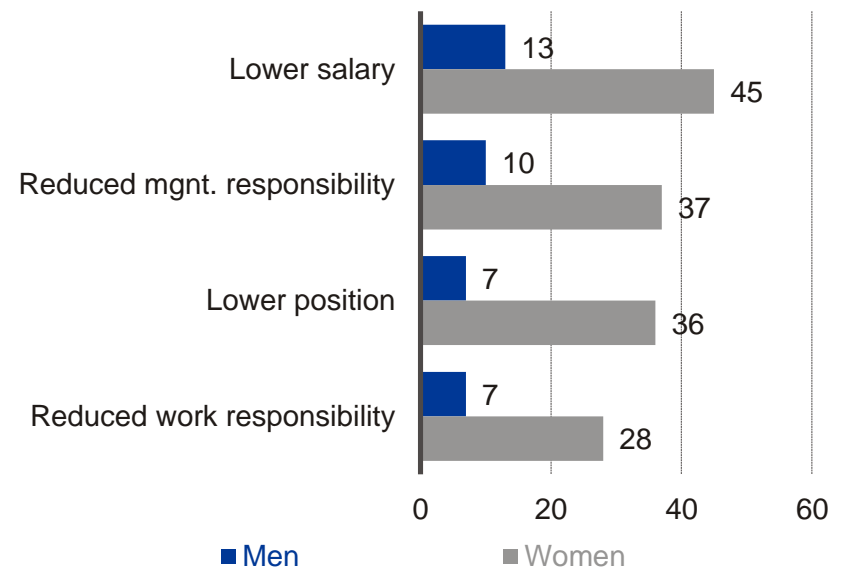
Duration of time off for the highly qualified, %



Source: Center for Life Policy (2010), DB Research

... but a disappointing return

Share (%) of professionals experiencing:



Source: Center for Life Policy (2010), DB Research



The challenges 3- Remove biases in systems, processes

■ **Plug the leaky pipeline:** Create an inclusive culture, redesign work

- Understand priority changes with life stages
- Broaden narrow definitions of career path to the top
- Measure performance by results, not hours
- Avoid assumptions about what women – or men – want from careers

■ **Promote high potentials**

- More transparent promotion processes
- **Question assumptions on who is ready:** power-hungry vs competent!
Promoting “power-reluctant” women → larger range of valid leadership styles
- Allow women to get to the top staying themselves, not having to borrow male style



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The way forward: Steps towards gender balance

■ Awaken your leadership team

Many senior exec. assume that men and women are equal and the same

→ “Reverse” mentoring

■ Define the business case (not a women’s issue)

→ Sell downwards: why, how – Count women, set targets

→ Identify champions: persuasive, with influence, convinced (not necessarily women!)

■ Communicate the right message at the right time

→ A gender initiative is likely to annoy both men and women

→ Gender balance and life balance are different topics



The way forward: Quotas not ideal

- **Demand-side solution**

If the pipe-line is not full → counter-productive in the short-term

- **Useful debate** on quotas: generating momentum

Increased awareness, fear of impeding regulations

- **Supply-side measures are critical**

Company in a position to promote competent women

- **Requires new thinking, innovative approaches and courage!**

→ **A win for everyone:** innovation, more balanced work environment, and positively affects the bottom line



**In the current business world, women are
„like second-generation immigrants,
with one foot in the culture of business
and one foot in the culture of women.“**

Wittenberg-Cox and Maitland (2009)



Vielen Dank für Ihre Aufmerksamkeit!

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