

Women in Business

Thursday September 29 2016

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Female bosses face limits in their power as role models

Trailblazers sometimes carry a double-edged sword for diversity, writes *Sarah Gordon*

If Hillary Clinton wins the US presidential election in November, three of the world's five largest economies will be led by women. Angela Merkel, Germany's chancellor, Theresa May, UK prime minister, and Mrs Clinton, have all been hailed as role models for women and girls. But the singularity and precariousness of their success raises the question: are women automatically good examples for other women?

"The ability of role models, in portraits and more importantly in the flesh, to influence gender inequality is both encouraging and muddy," says Iris Bohnet, professor of public policy at Harvard University's Kennedy School.

Some evidence on the power of role models is overwhelmingly positive. Ms Bohnet cites the Panchayati Raj act, a constitutional amendment in India

introduced in 1993, which stipulated that village councils needed to reserve one-third of their seats, and one-third of their council leader positions, for women. Not only did the share of Indian local government posts held by women rise from 5 per cent in 1993 to 40 per cent by 2005, but the new role models the law created had a dramatic impact on families and younger women.

With the advent of female village leaders, the likelihood that a woman spoke up in a village meeting increased by 25 per cent. Villagers who had been exposed to at least two female chiefs in West Bengal overcame their initial bias against women as leaders and rated male and female leaders equally. This category of converts included parents, who were more likely to want their daughters to study past secondary school, thus eliminating the gender gap



Punishing position: Hillary Clinton struggles to be liked by more voters — Getty

in aspirations. The Indian legislation, writes Ms Bohnet in her book *What Works: Gender Equality by Design*, showed that "the act of seeing women lead increased women's self-confidence and their willingness to compete in male-dominated domains, and it changed men's and women's beliefs about what an effective leader looked like".

There is plenty of evidence from elsewhere in the world on the effectiveness of female role models. In the US, the Equal Employment Opportunity Commission analysed data from more than 20,000 private-sector companies and found that, when the share of female top managers increased, the share of women in middle-management subsequently rose.

'Seeing women lead changed men's and women's beliefs about what effective leaders looked like'

The US research contains some less good news, though. It found that the positive influence of women in top leadership positions on gender diversity at management level diminished over time, suggesting that women at the top play a positive yet transitory role in women's career advancement.

Richie Zweigenhaft, a professor of psychology at Guilford College in North Carolina, provides one possible explanation for this in his recent book on female and ethnic minority chief executives at Fortune 500 companies. He suggests that the existence of a few trailblazers has allowed companies and political parties to become lazier in promoting women.

One of the "ironic effects" of the past rise in numbers of women at the top, Prof Zweigenhaft argues, may be that

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Women in Business

Close the gap to boost output

Economy Narrowing the gender divide offers economic gains as well as societal benefits, writes *Gemma Tetlow*

Women hold the key to reviving the world's sluggish economies and narrowing the gender gap in work could add substantially to annual growth rates in the UK over the coming decade.

New data from the McKinsey Global Institute, the business and economics research arm of consulting group McKinsey, suggest that if women participated in the British economy to the same degree as men, economic output would be 26 per cent, or £600bn a year, higher in 2025 than current estimates for that year.

More modest, and conceivably more realistic projections, point to a 6.8 per cent gain, McKinsey suggests. This would be achieved if all regions of the UK matched the pace of improvement of its fastest improving regions over the past decade. This would equate to boosting growth by 0.7 percentage points per year – around a third faster than currently projected.

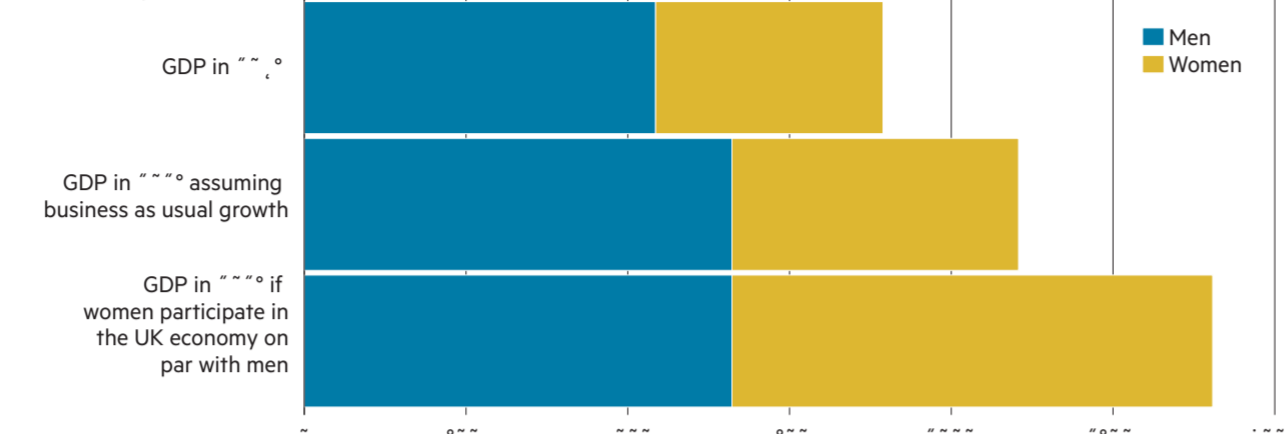
"Moving towards gender equality is not only a moral and social issue," says Vivian Hunt, managing partner at McKinsey. "It is a business issue, one that is critical to future economic growth in the UK."

Other McKinsey analysis shows the UK to be one of the worst performing European countries for gender parity. It has a lower proportion of women employed in science, technology, engineering and mathematics (Stem) careers than anywhere else in Europe.

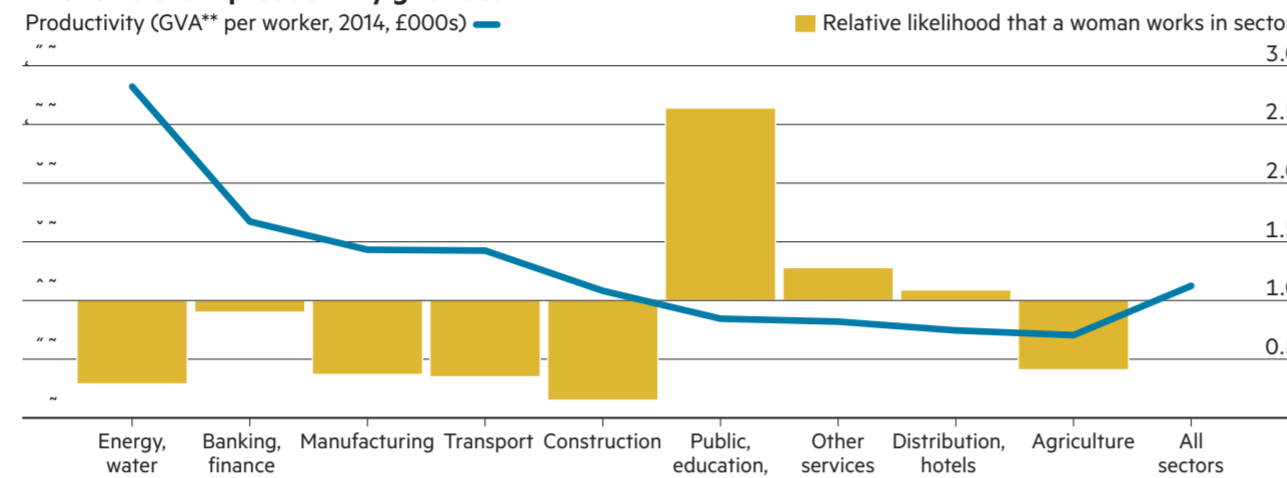
McKinsey is not the only one to point this out. "Three times more boys than girls take computing and 50 per cent more boys than girls study design and technology," says Emma Codd, managing partner at Deloitte. "These early decisions drive fundamental skill differences" for those entering work. Deloitte highlights the importance of increasing

Closing the employment gender gap would give UK GDP a 26% boost

£bn in 2013 prices



The female low-productivity ghettos



Source: McKinsey Global Institute

women's participation in Stem jobs to help close the gender pay gap.

Naomi Climer, president of the UK's Institution of Engineering and Technology, says many small things need to be done in different places – from primary school through to employers. "With a concerted effort we can narrow the gap over the next decade."

Overall employment rates of women have increased over recent decades, but they remain lower than for men. Those employed work fewer hours and are more likely to be in low-paying, low-productivity jobs.

The UK, like many other developed countries, has been struggling to tackle persistently low growth in the aftermath of the financial crisis. The UK's

'Moving towards equality is a business issue and one that is critical to future economic growth in the UK'

productivity lags behind those of most of its peers, according to the Office for National Statistics.

Increasing women's hours of work and participation in higher paying sectors could help boost economic growth. In general, this means moving away from less productive service work and into more productive manufacturing and energy jobs. The difficulty is how to bring about such changes.

The productivity gap between men and women widens most dramatically after women give birth. This suggests that improving policies focused on sharing responsibility for childcare or subsidising childcare provision, as well as programmes to help mothers return to work, would be a good places to start.

GSK leader choice bucks UK trend

Governance

Britain's voluntary drive to shake up male-dominated boardrooms has gone into reverse, writes *Sarah Gordon*

Emma Walmsley's appointment last week as chief executive and director at GlaxoSmithKline, the pharmaceuticals company, comes despite the falling rate at which women are moving on to the boards of Britain's biggest listed companies.

Since last year, when the UK hit its voluntary target that a quarter of the board seats at its 100 biggest listed companies be occupied by women, the trend has reversed. More women are leaving boards than joining them.

Just six other FTSE 100 companies are run by women. Ms Walmsley, who spent 17 years and rose to executive level at French cosmetic group L'Oréal, is soon to become the first female leader of a global pharmaceutical group. She runs GSK's consumer division and takes up her new position in March.

Ms Walmsley's appointment is also something of an exception in that she will be joining a UK board as an executive, rather than a non-executive director. UK companies hit their target in 2015 largely by picking women to become independent directors, making them potentially less influential than had they come up through the executive ranks like Ms Walmsley.

Different countries have pursued different routes in their attempts to move more women into the boardroom, all of which have attracted controversy. The UK provides a salutary example of the advantages and pitfalls of voluntary gender targets.

The government imposed the voluntary target on the country's largest listed companies in 2011, aiming to double female board representation from 12.5-25 per cent in four years. By last year, women occupied 26 per cent of those companies' board seats.

A range of evidence suggested that one of the reasons the target was met was that companies preferred a voluntary goal to having legislation imposed on them.

The threat of mandatory quotas if the voluntary drive did not work was, nonetheless, a credible one and backed by the UK's coalition government of the day. Progress was publicly monitored.

Despite its success in boosting the number of women who became non-executive directors, the effort failed to affect significantly the number of female senior executives. Research published in May showed that women represented a sixth of senior executives at the UK's largest 350 listed companies.

A new goal was announced in October last year. This time the top 350 listed companies were to aim to have women in a third of the seats on their boards by 2020.

Since last year, progress has stalled and in some respects reversed. In February, GSK's chairman, Sir Philip Hampton, took over the panel that monitors companies' progress. The first research

Emma Walmsley will become GSK's chief executive in March. She spent most of her career at L'Oréal of France



released under his watch showed that female representation on the boards of the FTSE 100 had remained stagnant at 26 per cent. Meanwhile, the replacement rate for women on boards had turned negative and fewer than a quarter of board appointments between September and March were women. This was the lowest figure since 2011.

Sir Philip surely had his eye on Ms Walmsley as a potential candidate to join him on the GSK board when he accepted the task of keeping other companies on track. Other chairmen will be able to follow his example, however, only if companies advance women's careers through the executive ranks, just as L'Oréal did during Ms Walmsley's international career there.

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Women in Business

Perilous times lie in wait for those who take the helm

Glass cliff When all else fails, the call goes out for a woman to lead, writes *Gill Plimmer*

The men have fled, there is a power vacuum at the top and a woman has taken over in a time of crisis. Is she being set up to fail?

If evidence were needed to support the theory that women only get the top job in particularly precarious times, Theresa May, the new UK prime minister, is that woman, says Michelle Ryan. Prof Ryan is an academic at Exeter University who, along with Alex Haslam, first coined the phrase “glass cliff” to describe the trend in 2005.

Although the 52-year-old head of the UK’s Conservative party has harboured leadership ambitions for several years, “it is interesting that this is the time she gets it,” Ms Ryan adds.

“She will be in the position of not being able to please anyone.” No matter what she does on the European Union question, “50 per cent of the population are going to be happy and the other 50 per cent unhappy.”

The argument is that women are set up to fail – pushed into leadership positions to take the flak or when a scapegoat is needed.

In other cases, it is because change is required, and women are more likely to suggest a clean slate than another white man in a grey suit, says Ms Ryan.

Soon after Iceland’s three main banks failed in October 2008, Jóhanna Sigurðardóttir was installed as the nation’s first female prime minister and women were appointed to run two of the nationalised banks.

Marissa Mayer, chief executive of Yahoo, which last week revealed it had

suffered the biggest-known data breach to date, was initially hailed as a trailblazer who could rescue the technology and media company. Soon after her arrival she was castigated for everything from her decision to clamp down on staff working at home to her choice of taking only a short maternity leave.

Mary Barra’s promotion to chief executive of General Motors in 2014 was welcomed as a victory for gender equality because she was the first woman to head a global carmaker. Two months after she was appointed, GM announced that it had to recall 2.6m cars because of faulty ignition switches implicated in the deaths of at least 13 people.

This raised questions about whether Ms Barra or other executives knew a crisis was unfolding when she was appointed – putting her on, as it were, the very precipice of the glass cliff.

There is a host of examples of women taking leadership positions during crises but Per-Ola Karlsson, a consultant at Strategy&, part of PwC, says the glass cliff theory “may be a myth and that other factors can explain what we see”.

Women accounted for just 10 of the incoming 359 chief executives worldwide in 2015, the lowest rate since 2011, according to Strategy&’s annual study of 2,500 companies.

In North America, just one female chief executive was appointed during the entire year: Andrea Greenberg at sports and entertainment company MSG Networks.

But while it is clear that “many factors including leadership development approaches and cultures make it that



Facing flak: GM CEO Mary Barra had to recall 2.6m cars — Andrew Hurrell/Bloomberg

much harder for women”, Strategy& has not found any statistical evidence to back the idea that female leaders were brought in more often during crises, says Mr Karlsson.

What it did find was that in the previous decade female chief executives were 27 per cent more likely to be forced out than male chief executives.

Harriet Green, referred to by the Daily Mail tabloid as the “Gucci-loving blonde with a tattoo – and a temper”, joined the travel agent Thomas Cook as chief executive in 2012 when there were fears for the company’s survival.

Even though she transformed the company’s fortunes, Ms Green was forced out by the board two years later.

Strategy&’s research suggests one reason women are forced out is that they are more likely than men to be hired from outside the company, and outsiders, irrespective of gender, are more likely to end up being dismissed. Outsiders lack the internal networks and knowledge that help them survive.

Still, the intense scrutiny faced by

female bosses may deter women from competing for leadership positions, says Jenny Campbell, chief executive of YourCash Europe, the ATM provider formerly called Hanco ATM systems.

Although Ms Campbell was appointed to lead Hanco when it was in crisis, she believes that this was thanks to her experience at Royal Bank of Scotland, its then owner, rather than anything to do with her gender.

Ms Campbell’s argument is that plenty of men are also appointed to leadership positions during troublesome times but that women – still a rarity at the top – attract more attention when they fail. “Female leaders that haven’t succeeded in business are more visible and more likely to be put under the microscope simply because they are female,” she says.

All to say that even if there are cracks in the glass cliff theory, an extra set of crampons may come in hand for Mrs May and other women who have smashed the glass ceiling and want to stay on the summit.



The FT’s first Women at the Top summit took place in 2010 in London. Its aim was to gather “world-class thought leaders and decision makers to discuss the role of women in business and to celebrate female

leaders worldwide”. Christine Lagarde, then France’s minister for economic affairs, was the opening keynote speaker.

To launch the latest Women at the Top conference, held in London today, we asked three of those who spoke in 2010, including Ms Lagarde, to tell us what they thought had changed for women in business over the past six years.

Andrew Hill

Christine Lagarde Managing director, IMF

“The 18th century writer, Madame de Staël, once described progress as a series of spirals. When I think about the continued struggle for female empowerment, I am inclined to agree. More women are entering companies’ higher echelons – but gender parity remains elusive. In 2015, women still held just 12 per cent of executive positions in Europe’s largest 620 companies. How do we accelerate progress on women’s leadership? Policies play a critical role. In many advanced economies, for instance, priorities include removing tax disincentives for secondary earners, providing high-quality childcare and supporting parental leave. By taking these actions, we may begin to see the progress of female leaders less as a series of spirals, and more as a rapid ascension.”



Nani Beccalli-Falco Chairman, ENAV



“Progress is slow and it is not helped by legislation in France or Germany that sets quotas. Quotas force a few women to occupy many positions and create cynicism in the organisation.

Diversity needs to be created with a mindset change and it is a slow-developing process. In this the American companies are much better equipped than the Europeans.”

Nancy McKinstry CEO, Wolters Kluwer

“Study after study has shown that gender diversity contributes to positive business outcomes, and that has driven the focus on closing the gender gap at senior levels. One factor that has expanded opportunities for women in terms of senior executive and board level positions is the rapid growth of digital capabilities – an area with strong female participation.”



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Women in Business

All-male panels face backlash

Events A lack of women speakers reveals wider problems in business, says Sarah Murray

After sitting on a series of all-male conference panels, Owen Barder started answering speaking invitations with more than a “yes” or “no”. “I got into the habit of writing back and saying: ‘Have you thought about inviting a woman instead?’” says Mr Barder, director of the Center for Global Development in Europe, a research group.

He is not alone in pointing out the predominance of conference panels consisting of men. Hundreds of posts submitted to a Tumblr social media account show photographs of all-male panels. Accompanying each post is the headline: “Congrats, you have an all-male panel!” along with an ironic depiction of masculinity in the form of actor David Hasselhoff giving a thumbs-up.

The dearth of women in public speaking reflects broader issues, from the lack of female chief executives to the predominance of men on corporate boards, particularly in industries such as technology, engineering, investing and financial services. “Historically men have dominated panels, and this isn’t surprising when you look at senior leadership in organisations and see mostly white men,” says Anna Beninger, research director at Catalyst, a non-profit body dedicated to promoting workplace diversity.

All-male panels are now prompting criticism that makes them a public relations liability for organisations running events. In Sweden, a campaign with the label #TackaNej (which translates roughly as “no thanks”) is attracting supporters, from media personalities to academics and entrepreneurs, who refuse to take part in conferences and panel discussions that have no female speakers.

GenderAvenger, a US-based campaign group, uses crowdsourcing to collect data on the gender balance of conference panels. Its app allows



‘Mansplaining’: panels made up only of men suggest women’s perspectives are not relevant — Global Summit of Women

conference speakers and attendees to enter the gender balance of a panel, using the event’s hashtag and title. The app creates a pie chart showing the ratio of men to women, which can be posted instantly on Twitter or Facebook.

GenderAvenger has an online “Hall of Fame” and a “Hall of Shame” that uses Twitter hashtags to solicit information tracking how organisations are performing when it comes to the gender diversity of their events. “We are all about calling it out,” says Susan Askew, co-founder of the group.

Resources are now available to help organisers find female speakers

A dearth of women speaking at events poses much more than a PR problem, say campaigners. “When you only have men on a panel, it suggests that women’s perspectives aren’t relevant — they literally don’t have a voice in these settings,” says Ms Beninger. “It also reinforces the perception that women don’t

have the skills necessary to sit on a panel.”

In addition, all-male panels mean young women in the audience have no role models of their own gender to look to. One of the reasons this anomaly is attracting attention is that, while an absence of women at board meetings or in an office might pass unnoticed by those outside an organisation, panels are very public demonstrations of gender diversity — or the lack of it.

Experts however see dangers in selecting speakers on the basis of gender. “It’s really important that women are not there only to represent the viewpoint of women” but to serve as experts in their field, says Elisabeth Kelan, director of the Global Centre for Gender and Leadership at Cranfield School of Management.

Moreover, conference organisers who want to include women may not always find it easy to meet gender targets. “Since there are fewer women in senior positions in public life, it becomes that much harder to find a woman who is free and available,” says Mr Barder. The answer is “to be better organised and invite people sooner.”

Including women on teams that organise events appears to help. In a 2014 study, the American Society for Microbiology found that committees with at least one woman on them were less likely than teams composed entirely of men to come up with events consisting of all-male panels.

Resources are now available to help conference organisers find more female speakers. For example, Women in Research, a support group, has a database of market research experts, half of whom are women. One organisation has gone further: Great Women Speakers, based in Oregon, has a database comprising only female speakers.

BiasWatchNeuro, a website that tracks the speaker composition of conferences on neuroscience — a field in which women account for about a third of workers — draws attention to events where men make up the entire panel.

Some events organisers welcome the campaigns aimed at ending all-male panels. “The trend is positive,” says Leo von Bülow-Quirk, managing director for Europe at Chartwell, a global speakers agency. But he adds: “We still have a long way to go.”

Tips How to stop the female brain drain

Businesses need to convince women in much greater numbers to join, stay and progress through their organisations. This is especially true in the UK following its decision to leave the EU and possibly curb immigration, thereby shrinking the available talent pool. Grand corporate gestures do not work, says Amanda Flint, principal at Mercer, the consulting group. Here she offers tips on bringing about a real and lasting change.

Leadership and commitment — Men as well as women need to show commitment to achieving gender diversity. This means exemplary behaviour at the top. For example, leaders could mentor junior women, make sure women have a voice and challenge unconscious assumptions about men and women. Leaders then need to ensure this approach extends throughout the organisation. This can be done by accounting for diversity when evaluating all layers of management.

Build a pipeline — Decisions made early in a woman’s career shape her destiny. Leaders need to ensure women are progressing in equal numbers to men throughout the organisation. They should be asking what they can do to address gaps. Concentrating on hiring at the top might avoid adverse media attention but it is an ineffective short-term fix.

Performance and promotion — Does your company review performance ratings and promotions by gender to spot differences? If there are differences, why have they arisen? It may be that a review of job design and evaluation could help to ensure that women’s talents and abilities are evaluated properly. Leadership competencies in evaluating performance may also need to be reviewed.

Flexible working — If all part-time workers are women with small children, part-time work is more likely to become a career-stunting move. Flexible working needs to be well-managed and promoted as positive for

men and women. The workforce and management need to perceive it as culturally acceptable to work flexibly. Lead from the top — leave early on a Wednesday for choir practice or attend a school event, for example. Just as importantly, encourage others to do the same.

Pay equity process — Governments, academics and campaigners are stressing the importance of employers being more open about what they pay women compared to men. Companies need to consider the potential impact of this increased pressure and of possible new government rules and guidelines. If women perceive that your organisation is discriminating against them on pay, they may quietly leave for competitors they see as having a fairer pay process.

International assignments — Those who do not experience international assignments are often disqualified from future career advancement. Never assume a woman does not want to be considered for an overseas post just because she has children. To include staff for whom it may be difficult to accept an overseas posting, consider short term assignments, split-base assignments or assignments with an international remit.

Support unique health and wealth needs — Women over 45 often grapple not only with their own health problems, but also with those of their parents and children. This can be stressful and distracting. Support and assistance from the organisation and a sympathetic ear from management can be very effective.

Return to work — Many companies lose discouraged mothers to competitors and self-employment. Good maternity leave processes help reduce this. Employers who get it right allow new mothers to keep in touch while they are away; help them phase back into work; encourage them to pursue their careers and show them that they are valued through giving them career-boosting opportunities, such as training and mentoring.

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Women in Business

Diversity needs skilled leaders

Teamwork Mixed groups with conflicting views require more active and sensitive managers to run them, writes *Andrew Hill*

As more women rise higher in the workforce and evidence grows of the value of diverse teams, an odd and important management paradox is arising: mixed teams can be hell to manage.

It is perhaps more elegantly summarised by Rich Karlgaard and Michael Malone, who examined the research for their book *Team Genius*: “The most successful teams exhibit diversity in their ranks, but [diverse] teams face serious structural challenges regarding motivation, integration, and co-ordination.”

The process of assembling, running and developing a team is difficult enough without the additional obstacles thrown up by diversity. The temptation for team leaders is always to look for ways to reduce any friction that might hamper progress towards a collective goal. So how should managers strike the balance?

The first step is to understand when a diverse team works better than a more homogeneous group.

Unsurprisingly, a diverse team will be better placed to devise and sell products to a similarly diverse group of customers. A survey for the New York-based Center for Talent Innovation looked at public companies that had “two-dimensional diversity” – that is, by race, gender, sexuality or other inherent traits on the one hand and “acquired diversity”, such as language skills or a global mindset on the other. The survey found employees at “2D” companies were 70 per cent more likely to report capturing a new market in the past year than those at less diverse companies.

More broadly, diverse teams can outperform even “star” performers from similar backgrounds because of the power of “collective intelligence”, identified by researcher Anita Williams



Tricky Teams: heterogeneous groups can be hell to manage – Getty

Woolley at Carnegie Mellon University and others. Collective intelligence turns out to trump the average intelligence of individual team members and is enhanced by the presence of more women in a group, whose social sensitivity helps the team cohere.

On the other hand, teams from similar backgrounds or of the same gender perform better at tasks that involve implementing existing solutions.

In her new book *What Works*, Iris Bohnet, the author and behavioural economist, includes a cheat sheet – based on classroom discussion on how to form effective groups – that starts with the insight that “if a task involves

co-ordination, say the provision of a public good like clean water or better healthcare, homogeneous groups can be helpful”.

If the team is solving individual problems, she advises, take account of the influence of different groups. So, for instance, boys benefit if they are in a class with an over-representation of girls, who are more likely to apply themselves and less likely to disrupt the lesson.

Conversely, collective problem-solving can require a heterogeneous group, Ms Bohnet writes, with women often providing vital listening and bridge-building skills. Her caveat: mixed teams

work only when a critical mass of the minority is present – perhaps making up at least a third of the group. “If you start out with a population of, say, 20 per cent men and 80 per cent women and then want to create work teams, do not allocate people proportionally,” she writes.

“Instead, form a few balanced teams and assign the rest of the women to all-female groups.”

Such design problems are hard to correct in large organisations. The CTI research on 2D diversity and innovation found that even when diverse teams came up with innovative ideas and products, they were often stifled by more homogeneous groups that persisted higher up in the organisation.

If this were not complicated enough, emerging research suggests that even these established studies of diverse teams may have been skewed by our inability to assess diversity accurately. Participants in an experiment run by Stanford researchers judged their team was more gender-diverse if its members were wearing different coloured T-shirts. The catch was that all the teams had the same male-female mix. This matters, because a manager who thinks for the wrong reasons that his or her team has differing skills, attitudes and backgrounds, may assign it a collective or creative task that it is ill-equipped to carry out.

Even those who advocate a more gender-balanced workforce suggest that team formation will involve a trade-off between tension among members and improved performance. Mr Karlgaard and Mr Malone refer to the “cost-benefit analysis” team leaders need to make as they try to enhance teams while avoiding the risk of friction.

In the same vein, Ms Bohnet writes that “for gender diversity to increase group performance, you need team members whose different perspectives add value while keeping the cost of co-ordination as low as possible.”

What seems clear is that as teams become more diverse, and more willing therefore to express their sometimes conflicting views, organisations will need to develop better, more active, more sensitive managers to run them.

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Brooke Masters



The UK’s Institute for Fiscal Studies last month reported that women with university degrees still earned 20 per cent less per hour than similar men, a gap that has not changed in two decades.

The British government is trying to tackle the problem with publicity. Starting in 2018, it will require all companies with more than 250 employees to publish information about average and median pay differences as well as the number of male and female employees in each salary quartile.

But sunlight may not be enough to force change. As a young reporter, I worked for the Washington Post Company, which, years earlier, had been sued for gender discrimination by some of its female employees. As part of the settlement, the company was required to disclose publicly the pay breakdown by gender for various categories of newsroom job. Each time, the gaps were visible and significant. By now, one hopes the company is doing much better. Back then, the disclosures were simply a depressing reminder of how far women still had to go.

In the US, President Barack Obama has tried to put the weight of the White House behind the issue. In June, he convened a summit on the state of American women and asked companies to sign an equal pay pledge promising to analyse their hiring, promotion and pay practices annually with the aim of eliminating inequality. President Obama followed up with a second event in August to announce that a total of 57 groups – ranging from consulting firms and tech giants to airlines and retailers – had signed up.

One of them, Intel, has already been working on such imbalances for years. The technology group tracks base pay and bonus targets by gender, ethnicity, job classification and location. Since 2009, it has been running company-

wide statistical analyses to spot differences that cannot be explained by performance, education, length of service or other legitimate factors. If follow-up interviews fail to turn up a qualitative reason for the gap, the company boosts the person’s pay.

This year, Intel announced that it had reached full gender pay parity and 99 per cent parity for under-represented minorities, which it defines as people who are black, Hispanic or Native American.

It is easy to be cynical about this achievement – statistics can easily be manipulated when many factors affect pay, and gender comparisons are especially complicated when men and women do different jobs. Intel, like many Silicon Valley companies, has a serious shortage of women – just 25 per cent of its workforce is female, and they are far more prevalent in its “non-technical divisions”.

Other companies, in an effort to prove that their equality pledges are not just empty words, have gone even further and are seeking outside validation.

All of them should be applauded for trying to live up to their promises. Not only is it the right thing to do, but it also makes good business sense. Studies by

Many companies are struggling to retain mid-career women

the advocacy group Catalyst and the consultancy McKinsey suggest that high levels of female participation at board level are correlated with better financial results, as measured by return on capital and return on equity. Lower down in the organisation, the same logic applies. At a time when many companies are struggling to retain mid-career women, a sense that the company plays fair will help keep good people around. As Intel spokeswoman Ellen Healy explains: “It’s in our interest to retain employees and hire at competitive rates. People who feel they aren’t compensated fairly will go elsewhere.” I certainly did.

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- 2008: Promoted to Director
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Women in Business

Evidence backs the benefit of equality

Winning entry

Despite slow progress, women will exert their influence over the coming decade, writes Ivana Vasic Chalmers

It is 150 years since John Stuart Mill petitioned the UK parliament to give women the right to vote, yet it took more than 60 years for his request to become a reality. The pace of progress on gender parity has always been slow.

The share of senior positions held by women at UK companies has nudged up only slightly – from 18 to 22 per cent – since 2004, says Grant Thornton, the professional services company. Charities are not faring much better. It will take until 2050 to close the gender pay gap in UK higher education if progress continues at the rate of the past decade, says the University and College Union.

But despite the slow speed of progress, women can be influential and bring about change in business in the next decade. The overwhelming signs are that advancing women's careers is good for business.

The British Chambers of Commerce has credited the involvement of women on boards with better innovation, while in 2009 the American Sociological Review published a case study showing that female participation on boards improved sales revenue and profit margins. Elsewhere, a 2012 study by Zenger Folkman, the executive coaching company, showed that female participation improves customer satisfaction. The evidence is mounting.

There is now little doubt that gender-balanced boards are more successful on the whole. Law firm Reed Smith has found that gender-balanced boards result in better productivity and organisational effectiveness. Women in the west are now more likely than men to have a university education and so more women will enter the workforce with an important advantage.

Women are more likely to consider social, ethical and environmental

Essay competition

This year we asked entrants to discuss whether women would be able to shape business over the coming decade. The prize is a fully funded place on Henley Business School's executive MBA course. Ivana Vasic Chalmers' edited winning essay is printed below.



Emmeline Pankhurst, suffragette; Katharine Graham and the AP board; Meg Whitman, HP CEO — Getty, AP

ial ventures. Increasing this kind of support could change future business models in a noteworthy manner.

Women will also contribute substantially to innovation. The British Chambers of Commerce noted that businesses run by women were more likely to launch a new product or service and to harness the benefits of technology to do so. It also found that women were nearly three times as likely to collaborate with research institutions than men. Increasing numbers of women in business will shift business models to be more responsive, customer-driven and tailor products and services to the expectations of future generations.

Notwithstanding this progress, things are not changing at the same pace across the globe. Even in relatively equal societies significant gender gaps remain.

Women are still at a disadvantage to some extent in every country in the world, according to the International Organisation Foundation. A McKinsey report from last year found that women were responsible for 75 per cent of the world's total unpaid work, including household chores and childcare. Women form two-thirds of the world's illiterate population and have less access to internet and mobile phones than men.

Social norms influence gender equality and are not easily changed. The World Bank's 2012 World Development Report argued that cultural shifts brought about by increased access to information and technology have resulted in more equality in the household and a rise of women's status.

Yet analysis by the US Pew Research Center conducted in 2013 showed that even when a wife earns more than her husband, couples still maintain stereotypical roles in which wives take on the larger share of household chores and childcare.

More work is required and not all of it will be simple. But in the coming decade more businesses will realise that successful women are good for business. This will quicken the pace towards gender parity.

effects of business, as academics, Jessica Kennedy of Vanderbilt University and Laura Kray of Berkeley found in a 2013 study. As a result, women are geared to address future customer demands better. Companies that encourage female participation will reap the rewards as environmentally friendly goods and services – as well as responsible business models – become more important to long-term corporate success.

Skills prevalent in female managers such as relationship building, facilitation

and empowering others increasingly form the values of forward-looking organisations, as was highlighted in a study published in the Journal of Management Development study in 1999. Looking at "female" characteristics in this way may perpetuate implicit gender bias but it also helps to demonstrate the shift away from male-dominated thinking in business.

Furthermore, female entrepreneurs are becoming a more dominant force. In 2013 the Office for National Statistics found that during the UK recession 80 per cent of the newly self-employed were women, many of them turning to private ventures to balance responsibilities at home and work. Royal Bank of Scotland estimates that boosting female entrepreneurship could add £60bn to the UK economy.

The Global Entrepreneurship Monitor, an annual study launched by Babson College in the US and London Business School, has reached the conclusion that entrepreneurship training and access to female role models improved both participation and success in entrepreneur-

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Women in Business

Career success spawns fresh approach to giving

Philanthropy

Many female entrepreneurs choose to join forces when engaging in charitable works, finds Sarah Murray

It was seeing the effects of poor sanitation in developing countries that gave Camilla Hagen Sørli a focus for her charitable giving. But it was her part-ownership of Canica, one of Norway's largest private investment companies, that gave her the means.

As the number of successful female executives and business owners increases, the number of women in philanthropy is set to rise.

The trend is beginning to show up in the growth of female philanthropic networks. Women Moving Millions, a global community of mainly women donors, has more than doubled in size since launching, from 102 members in 2007 to 250 in 14 countries today. Donors each give or pledge \$1m or more to initiatives focused on advancing women and girls.

Elsewhere, Impact Austin, a US giving circle – in which donors pool

their funds – started in 2003 with six women, each donating \$1,000 a year. It now has about 500 female members, who in 2015 gave a total of \$5m to charities.

The way businesswomen distribute their wealth differs from the approaches taken by their male counterparts. Women tend to spread their giving across several organisations, while men typically concentrate on a narrower range of charities, according to the Women's Philanthropy Institute at Indiana University. Women are more likely to volunteer – and volunteer more hours – than men.

"Women and men have very different motivations for engaging in philanthropy," says Debra Mesch, the institute's director. "Women come with a very empathetic, altruistic point of view, while men tend to focus more on giving for what it could do for them."

Gender empathy often plays a role in the causes women choose to support.

Many focus on giving to organisations that help women and girls. Research from Indiana University shows a higher proportion of women than men – 50 per cent compared to 40 per cent – reported giving to at least one cause that affected mainly women and girls.

Women's approaches to philanthropy

also reflect the way they do business, says Prof Mesch.

"The way they network and mentor other women – we see that in philanthropy as well," she says. For example, members of the Maverick Collective, a network of female philanthropists – which also invests in projects that benefit girls and women – support each other when testing ideas for tackling social problems.

"We're in the business of high-risk pilots of new approaches in improving the lot of women and girls, and that can be a pretty lonely business," says Martha Darling, a Maverick Collective member. "So there's a lot of reinforcement and support when things are successful, and working it through in the rough patches."

Ms Darling sees a more collaborative spirit at work among female philanthropists than among male donors. "There's

'They're more reluctant to splash their names on buildings. That's not something that resonates with women'

a lot less ego on the table," she says. "And the emphasis is on the outcomes, on doing the work collectively and on being more deeply engaged."

Female philanthropists who made their own money also differ in their approach from those who inherited it.

"For those of us with business experience, we tend to be more demanding about the nature of our involvement because of the focus on metrics and wanting to invest wisely," says Ms Darling, a former Boeing executive.

"A lot of people join different things, do a couple of hours of volunteering or give money here and there," says Ms Darling, who takes an approach more similar to businessmen. "I have a narrower funnel and I want to see where the money is going."

Ms Hagen Sørli has used what she has learnt in business in her philanthropy. She says running a company that invests in retail and fast-moving consumer goods companies has given her insights into how to increase access to clean toilets in developing countries.

"It's not just that people can't afford to buy one. It's because they don't prioritise buying one," she says. "So it's also about behaviour change, and I know something about that from working with retail every day."

Yet despite the rise of female philanthropists, lists of the world's biggest givers are still populated largely by men.

For example, among the businesspeople who have taken the Giving Pledge – the initiative launched by Bill and Melinda Gates and Warren Buffett to encourage the wealthy to leave their money to charity – only a handful are women.

The reason may not be entirely due to their smaller numbers, however. It can be harder to find the names of prominent female philanthropists in business in part because of another characteristic found in many women who give: modesty.

"They're more reluctant to splash their names on buildings," says Prof Mesch. "That's not something that resonates with women."

Nevertheless, she believes women are becoming a powerful force in charitable giving.

"They're taking charge of their own philanthropy as well as taking charge of their own careers," she says.

Given their tendency to support women's advancement in their giving, this could create a ripple effect, by helping other women succeed in the global economy – and thus building the next wave of female donors.



Female chiefs face limits in their power as role models

Continued from page 1

the "heyday of diversity has come and gone". His study found that the number of white women, African-Americans, Latinos and Asian Americans appointed as the chief executives of Fortune 500 companies declined sharply in 2015. Now that a few women have made it to the top, there appears to be less, not more, pressure on boards to appoint them.

Such a development is itself open to alternative explanations. There are just 21 women at the helm of Fortune 500 companies, meaning that even one fewer female chief executive constitutes a large percentage swing. In addition, the fact that women make up just 4 per cent of chief executives may not constitute enough of a "critical mass" for less senior women to aspire to.

Indeed, having a small number of highly successful women at the top can prove a double-edged sword. Anecdotal evidence suggests that if the women in leadership posts are overwhelmingly white, highly educated – and often childless – this can deter other women who do not fit these categories.

The experience of much-written-about "superwomen", such as fund managers Nicola Horlick and Helena Morrissey in the UK, or Sheryl Sandberg, chief operating officer of Facebook in the US, can sometimes discourage as much as encourage those attempting to imitate their success.

Brenda Trenowden, chair of the 50%

Emerging markets match the west on gender parity

Developing economies Women are taking up more leadership and middle-management positions, writes Sarah Murray

Women in some developing economies are joining the top ranks of business management at the same pace as those in western countries.

This is particularly true in the largest emerging markets, says Saadia Zahidi, head of gender and employment initiatives at the World Economic Forum. The body's annual Global Gender Gap Index uses economic, educational, health and political indicators to rank 145 economies on how well they are using their female talent pool.

"You have a group of highly skilled women in the higher and middle income brackets who are doing incredibly well and in many cases better in terms of the gender gap and leadership than in [some] developed countries," says Ms Zahidi.

Notable examples include Somruedee Chaimongkol, chief executive of Thailand's Banpu, one of Asia's largest energy companies, and Siza Mzimela, a former South African Airways chief executive

who now owns her own airline. Ms Zahidi says that with 21 per cent of senior company positions held by women, China's proportion is slightly higher than the US's 20 per cent.

In some places, legislative changes have helped. Countries such as Kenya, India and Malaysia have introduced quotas for women on corporate boards.

In economies where many businesses are family-owned, it is becoming more acceptable for daughters to take up the reins when leadership is passed to the next generation.

A key reason for the growing success of businesswomen in emerging markets is the increased educational opportunity for women, at least those who can afford a university education. In Asia, the number of top universities is growing. In the 2016 Times Higher Education World University Rankings, 289 Asian universities made it on to the list of 980 universities and 19 – including China's Tsinghua – are in the ranking's top 200.

Meanwhile, more women in developing countries are seeking business training. "It depends on the region, but certainly in the last 10 years there's been an increasing number of women in business education," says Guy Pfeffermann, founder and chief executive of the Global Business School Network, a non-profit organisation that supports management education in developing countries.

In recent decades, women have either

Top of class: China's Tsinghua University offers a strong career start

Xinhua/Ju Huanzong

achieved parity with men or are the majority in universities in emerging markets, says Ms Zahidi. "And we're seeing the pay-off of that in mid-level and senior positions."

Companies are playing a role, too. For example, Goldman Sachs' 10,000 Women programme provides underserved women around the world with business and management education, as well as mentoring, networks and access to capital.

Some companies in emerging markets are allocating investments to support women's participation in business, just like their counterparts in rich countries, thanks to the growing recognition of the business benefits of gender diversity in the workplace.

Carmen Niethammer sees this at work among the clients of the International Finance Corporation, the World Bank's private sector arm. "You have companies that are building childcare centres in rural areas where infrastructure is not there," says Ms Niethammer, who is head of employment at the IFC's Gender Secretariat.

She points to India, where companies are investing in childcare facilities. "The IT industry is at the forefront of this," she says. Even so, when it comes to the inclusion of women among the ranks of senior executives, some regions are advancing faster than others, particularly when it comes to corporate governance.

In 2015, the African Development



China's proportion of senior company positions held by women is higher than that of the US

Bank (ADB) found that while the percentage of board directors who were women in African blue-chip companies (14 per cent) lagged behind the EU's 18 per cent and the US Fortune 500's 17 per cent, they did better than those in Asia-Pacific (10 per cent) and Latin America (6 per cent).

Meanwhile, at middle management level, it is Latin America where women are making most gains, says Ms Niethammer. "They have started to bring [women] into middle management," she says.

In the 2016 When Women Thrive report from Mercer, the human resources consultancy, Latin America is the only region on track to achieve gender parity in professional-level positions and higher by 2025. It found women in the region were more likely than men to be promoted from every level, and twice as likely to be promoted from senior management.

Women in these markets still face obstacles to advancing their careers, including the need to care for children and other family members.

"One of the biggest barriers to women participating in the paid economy is the amount of unpaid work they have to do," says Radhika Balakrishnan, director of the Center for Women's Global Leadership and professor of women's and gender studies at Rutgers University. "However high up the ladder you are, that still lands on the woman."

21
Number of women leading Fortune 500 companies

6
Number of female CEOs at the helm of FTSE 100 companies in UK

Club, which campaigns globally to increase female representation at senior corporate levels, acknowledges the problem. But she also proposes a solution, suggesting that more senior women need to be encouraged "to talk authentically and frankly, warts and all" about their rise to top positions. There is no "normal" for how to go about engineering success or what that might even look like; nor is there one "correct" model for getting to the top "and that needs to be visibly and candidly reflected in society," she says.

Deborah Gillis, president of Catalyst, which campaigns to improve gender diversity at work, argues that the presence of more women in senior positions helps to break down the "think-leader-think-male" mindset. Ms Gillis points out that women such as Ms Merkel and Mrs Clinton often face "biting" judgments about their gender, experience, likeability and their appearance. Men who run for office or rise to lead companies are largely free from such criticism and benefit from long-held advantages in politics, business and society as a whole. A critical mass of women at the top should slowly change that.



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Women in Business

‘Brutal advice’ has its reward

Mentoring *Leyla Boulton* catches up with a finance professional and a chairman who were paired in a UK scheme

Six years ago, I wrote about mentoring as a new tool to help women advance their careers. Today, some argue (see column), women receive too much mentoring and not enough sponsorship — where senior colleagues put their reputation on the line to promote their protégés’ careers.

I returned to my original interviewees to find out what they thought. When I interviewed her in 2010, Andrea Blance had just been appointed chief risk officer for Legal and General, the British life insurer. She was being mentored by Sir Mike Rake, chairman of BT, the telecoms group. They met through a cross-company scheme in which FTSE 100 chiefs mentor women nominated by leaders of other blue-chip companies.

I spotted the main change as soon as Ms Blance, now a non-exec board director at two companies, walked into the offices of the FT in early September: she was far more self-confident and relaxed.

“When I first met her, she was mouse-like, your typical accountant, very involved in the details,” recalls Sir Mike, himself a former chair of KPMG, the professional services firm. “I needed to build her self-confidence,” he says, including in areas of the male-dominated finance sector “where she lacked confidence but had the knowledge”.

Both mentor and mentee, who remain in touch, agree that the lines between mentorship and sponsorship are often blurred: the exact mix depends on what is needed when. “[Sir Mike] gave me some brutal advice early on,” recalls Ms Blance. “There was nobody internally I could have had this kind of conversation with.”

Although Sir Mike has been “very happy for me to use his name and has given me some nice informal references . . . he does not know me well enough to be [a proactive] sponsor”.

He helped her overcome her distaste for networking, which was critical to developing sponsors outside her company. “I am a reformed networker,” says Ms Blance. His initial advice was that if she wanted to become a chief financial



Transformed: Andrea Blance took career-changing advice and shed her distaste for networking — Charlie Bibby

Tips from a ‘reformed networker’

Do not assume that somebody you think will be a sponsor, will be, and vice versa: You may be sponsored by someone when you least expect it.

When they started talking in 2009, Sir Mike Rake remembers Andrea Blance as “deeply hurt” that after seven years as financial controller she was not appointed chief financial officer. That role went to Nigel Wilson, who subsequently became chief executive and ended up sponsoring her for two internal promotions and then for non-executive board positions when she decided to leave L&G.

Always look at a job offer rather than turn it down outright, because you will usually learn something useful: When one of her mentees rejected a chance to compete for the position of finance director at a university, Ms

Blance advised her to reverse her decision. The woman enjoyed a big boost to her confidence after she made it to the final two interviewees. **Think forward five years and work out what your transferable skills are:** Six years on, Ms Blance is pursuing a portfolio career now consisting of two non-executive directorships — at Scottish Widows, the insurer, and Williams & Glyn, whose planned carve-out from RBS as a standalone retail and small business bank was interrupted at the end of August. The 52-year-old also mentors for Next Generation FTSE 100, a cross-company UK scheme set up by Peninah Thomson, chief executive of the Mentoring Foundation, targeting younger women identified as future leaders by their companies.

officer at a FTSE 100 company, she had to leave L&G — which she eventually did, five years later, by which time she was more interested in a portfolio of non-executive directorships. “I think I helped her work out what she wanted to do,” says Sir Mike. “I saw her visibly grow in self-confidence in many different ways. It was quite a transformation.”

The two were matched by Peninah Thomson, an executive coach who set up the cross-company scheme. “Mentorship and sponsorship can shade into each other,” affirms Ms Thomson, who has since set up the London-based Mentoring Foundation. She maintains that government must also keep up pressure on business to do more, without which “there is a real risk of a number of eyes going off the ball”.

The next step, according to Sir Mike, is for employers to provide flexible working to help staff combine careers with raising children. Declaring the argument for diverse leadership “has been won”, he says practical steps are needed because “you cannot achieve diversity through political correctness.”

Sponsorship Objective is to help employees find senior advocates to diversify top ranks

This autumn, four multinationals will test an online course to help employees find a sponsor — a senior colleague who will stick his or her neck out to advance their career.

The programme is aimed primarily at women and ethnic minorities — on the grounds that they receive far less active support than white men.

Women have tended to “put their heads down and imagine there is somebody in the sky taking notes” on how they are doing, says Sylvia Ann Hewlett, whose Center for Talent Innovation in New York developed the course. “Whereas men more intuitively understand the importance of who you know and your ability to project yourself at work.” And it is easier for them to do so.

For years, research has found that mostly male, white leaders are more likely to extend an active helping hand to “mini-me’s”. This also helps to explain why men are more likely to receive sponsorship from their mentors. Not only are men more likely to socialise with each other in the pub or on the golf course, but there is also less fear of gossip about a close working relationship between a senior and junior male than one between an older man and a younger woman.

The aim of CTI’s Sponsor Ready programme is to help companies retain talented mid-career employees whatever their sex, ethnicity or sexual orientation, which is also why the course animation features animals, rather than people (see below). “We did not want to put anyone off,” says Julia Taylor Kennedy, the non-profit’s head of digital learning.

Rather than force senior people to sponsor particular colleagues, the aim is to make such support more

accessible by explaining how power is transferred within organisations and “always has been”.

The programme starts by working out whether employees in search of a sponsor understand what their company values, needs and rewards. To “earn” sponsorship, explains the British-born Ms Hewlett, a protégé must deliver work results “like crazy, 110 per cent”, as well as demonstrate loyalty, trustworthiness and a distinct skill.

Sponsors in turn benefit as their protégés form “a posse of high achievers” who hitch themselves to their star. “Very few women and minorities achieve this,” says Ms Hewlett. “As a result they become isolated . . . and very rarely reach the highest ranks of leadership.”

For Allyson Zimmermann, European executive director at Catalyst, a global non-profit, the focus should be on “fixing the culture, not the women”.

“It’s not as simple as ‘get a sponsor and all will be well,’” says Ms Zimmermann. “Part of the reason women are not getting the same visibility [as men] is that they are getting smaller projects with less visibility.” This is why Catalyst’s mass online courses and corporate programmes include training to tackle leaders’ unconscious bias.

All agree progress will accelerate as more women occupy senior positions, giving them the critical mass to mould an organisation’s culture into one that is more collaborative and supportive of diversity. In the meantime, any scheme that widens access to power brokers can only help diversify a company’s top ranks.

Leyla Boulton



A helping hand: CTI’s Sponsor Ready programme is about to be tested

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