

HR Policy: Why Promote Gender Diversity to Top Management?

Are you trying to convince board members that levelling the male to female ratio in top management is not just about portraying gender equality and equal opportunity? Or considering the promotion of gender diversity to top management in your own company, but not certain how much resource you can 'afford' to use on the change? Then this factsheet on why promoting gender diversity to top management may be just what you need!

◆ *Just diversity?*

A socially diverse team is more likely to question and amend ideas to suit more types of people before releasing a more effective 'finished product decision'. As with including any social diversity in a team, including both males and females brings together a wider range of knowledge, skills and points of view and so improves team abilities, especially in the case of the decision making process. A 'culture club' management team (of very little social diversity) may come to a decision very quickly but with very little distance between the original idea and the 'finished product decision' it is likely to fall short of the success it could have made with more varied input. However, having a 'token' female on the management team is not enough, as including females in top management is not 'just' about social diversity, some other factors to consider follow.

◆ *Understanding Important Players:*

The two main groups (important players) that top management teams need to understand are the customers and the employees; how best to communicate with them, engage and persuade them. To best understand a target audience, and how to effectively complete the tasks above, the team should either mirror the audience demographic or include individuals with strong empathy skills. Looking at the statistics for these important players; 50% of workers are females and 70% of household purchasing decisions are driven by females (TCAM 2009), therefore a management team of 50-70% females would be expected to be more successful than other management teams. Similarly, when looking at studies of female/male empathy skills, generally females show a higher competency than males, concluding that a management team with a higher percentage of females is more likely to be successful.

◆ *Complementary Gender Skill Sets:*

It's not just empathy skills that generally differ between males and females. A recent study (2012) showed that males and females generally have polar opposite leadership strengths and weaknesses suggesting that the natural styles of males and females are complementary.

The female leadership style has been shown to be more social with stronger interpersonal leadership competencies: scoring higher in planning, managing and organizing activities, respect & empathy for others and personal responsibility. The study also showed that generally females are good at prioritising and multitasking, tending to meet deadlines and deliver on promises, and are socially-sensitive and good listeners.

The male leadership style was shown to be more strategic and visionary: scoring higher in strategic vision, commercial focus and personal impact. The study also showed that males are generally good at making a strong first impression, expressing views with confidence, being visible across the organisation and making their presence felt. Less socially-sensitive, males tend to be more focused on the rational, practical and commercial aspects of achieving results.

By creating a management team with a more even split of males and females, a balance of the general strengths and weaknesses of the male and female leadership styles can be reached, ensuring effective team performance in all leadership areas.

◆ **Brand Image:**

More social awareness and higher empathy levels brought to top management through a higher percentage representation of females can have a further knock-on positive effect on brand image. While males are more likely to focus on the profits that can be made by an idea with a mind to put in place corrective measures if problems occur, presence of females beyond the token sense in top management would mean the team is more likely to take into account risk assessment and prevention before passing a decision. This in turn reduces the negative impacts that the company has on the environment and communities within which the company functions improving the brand image.

◆ **The Bottom Line:**

The real business savvy question is of course, does putting time and effort in to introduce HR Policies to increase the percentage of females in top management really make a difference to the bottom line figures? Some may say that the current setup has always worked, and is still working just fine. However, empirical studies over the last few years are showing results worth making a fuss over; showing a strong correlation between business performance and female participation in top management:

- Studies 2007: Companies with more females on the board and in top management showed considerably higher return in sales (+42%), on invested capital (+66%) and on equity (+53%) – Catalyst, and had a higher chance of gaining strong stock market growth among European companies - McKinsey&Company.
- Study 2009: Companies with at least one female on the board cut the chance of going bankrupt by 20%; having two or three females lowered the chances even further - Leeds University Business School.
- Studies 2011: Companies with 19-44% females on the board had higher return on invested capital (+26%) than companies with zero females – Catalyst. Companies with females on the board had higher operational profits (+56%) than those without - McKinsey.

So with all this evidence pointing towards needing more females in top management why are they not making it through?

◆ **Untapped Female Resource:**

There isn't a shortage of female talent in the UK: - At the moment, six out of ten university students are female and females are consistently showing better grade averages. However, while 50% of the UK workforce is female, they make up less than 15% of top management. It appears that currently a large pool of female talent is being largely unused. Many companies are already taking steps to improve their male to female ratio in top management. Don't get left behind! Make sure potential female candidates in your company for top management are not being over-looked or left behind due to inappropriate incentives; bring their skills and knowledge to top management before a competitor steals them!

Promoting gender diversity is not just about gender equality and equal opportunity it is about business improvement with an untapped resource!

Holges Consulting provide support and advice for HR and Health & Safety. For assistance on this factsheet and other HR or H&S matters please contact: amanda@holgesconsulting.co.uk