SECOND-GENERATION

Gender

WHY THE GLASS CEILING IS SO DURABLE—AND WHAT TO DO ABOUT IT.
To illustrate the stubborn durability of the “glass ceiling” in corporate leadership, the New York Times recently ran an article pointing out that for every woman CEO of the S&P 1500 companies, there are four male chief executives named John, Robert, William or James. “We’re calling this ratio the Glass Ceiling Index,” the article said, “and an index value above one means that Jims, Bobs, Jacks and Bills—combined—outnumber the total number of women, including every woman’s name, from Abby to Zara.”

There are plenty of other eye-opening statistics that illustrate this remarkably resilient state of stalled gender diversity in the U.S. and abroad. Just 5 percent of Fortune 500 CEO’s are women. In the U.S. only 17 percent of corporate board seats and 25 percent of senior management positions are held by women, even though women make up nearly half the workforce. According to the Bureau of Labor Statistics, women made 82 cents on the male dollar in 2013. A report released by the Institute for Women’s Policy Research projected that a girl born today in Massachusetts will be 43 years old by the time the gender wage gap in the state is closed. In five states, that gender wage gap won’t be closed until the next century!

Given that the modern women’s movement began in earnest in the late 1960s, it is nothing short of remarkable that nearly a half-century later, many of the same gender issues remain on the table. By 2015, one might have expected significant leaps forward in corporate gender diversity. But the numbers don’t lie, and the barriers, both overt and subtle, seem to be stuck in place. For example, in one of the most dynamic industry sectors—high technology—the dearth of women leaders is glaring. Catalyst, a nonprofit research organization, released a study in 2014 in which it tracked the career paths of nearly 10,000 MBA graduates from 2007 to 2014 in the U.S., Canada, Europe and Asia. The study found that 53 percent of the women chose to leave high-tech professions for other jobs, compared to 31 percent of the men. In the related field of venture capital, only 6 percent of the partners are women, a figure that famed Kleiner Perkins venture capitalist John Doerr said was “pathetic.”
WHEN WE THINK ABOUT HOW LEADERSHIP IS DEFINED, DO WE TEND TO THINK MORE NATURALLY ABOUT MEN AS LEADERS THAN WOMEN? YES.

For Robin Ely, a Harvard Business School professor who studies gender issues and leadership, the failure to have achieved significant change lies in what she calls “second-generation gender bias.” In contrast to first-generation bias—the explicit discrimination that is no longer legal in most industrialized nations—second-generation bias is more subtle, less explicit and often unintentional. It derives largely from gender stereotypes and conventional expectations of men and women, about what society perceives that people want, how they behave and who they are.

“For example, when we think about how leadership is defined, do we tend to think more naturally about men as leaders than women? The answer is yes,” Ely says. “These things just leak into how we interact with people. We have stereotypes about what constitutes leadership, and it is much aligned with our stereotypes about who men are and who women are.”

Not surprisingly, men are expected to be confident, opinionated and assertive, while women are expected to be nurturing, compassionate and passive. Women therefore are not top-of-mind when we think about leadership, and because these inbred second-generation biases are insidious and infect men and women alike, the ability to move ahead toward gender diversity is hindered.

The irony is that study after study has shown that empowering women is good for business. A McKinsey report on gender diversity and corporate performance found that the 89 European companies with the highest proportion of women in senior leadership positions and at least two women on their boards significantly outperformed industry averages. These companies, listed on the Stoxx Europe 600, showed 10 percent higher return on equity, 48 percent higher earnings before interest and taxation, and 17 percent higher stock price growth.

With that in mind, Germany recently passed a law requiring that at least 30 percent of corporate directors be women. Norway, Spain, France and Iceland have quotas set at 40 percent of board directors, and Germany joined Italy, Belgium and the Netherlands to require 30 percent female representation. Widespread resistance in the U.S. has halted efforts to legislate board composition, and the average percentage of women on American boards is a mere 17 percent.

According to a diversity report compiled by Richard Branson’s Virgin Group and Boston Consulting Group, “a number of quantitative studies confirm that diversity does in fact have a correlation with business results, including one report that points to a 53 percent higher return on equity for companies ranked in the top quartile of board diversity compared with those in the bottom quartile.”

A study from the University of Illinois that examined more than 500 American companies determined that gender and racial diversity were associated with increases in sales and revenue and the number of customers. In addition, a report by the Center for Talent Innovation found that when teams had one or more members who represented target customers, the team was as much as 158 percent more likely to understand customers’ needs, which increased the probability of effective innovation.

For New York–based Catalyst, gender diversity has been its primary mission for the past 50 years. According to Laura Sabattini, vice president of research, progress has been painfully sluggish. “When it comes to senior leadership roles, it’s really very slow,” she says. “Given the analysis about how long it will take to reach priority projections at this pace, it will be decades.” Though there are slight changes in the numbers, Sabattini noted that when women reach the middle management level, the gap starts to widen between them and “higher power positions.” “It gives us a lot of work to do,” she says. (See “Catalyst Awards,” page 51.)
Amid this disheartening inertia, however, a raft of organizations have shattered the status quo and found laudable ways to address gender diversity. Catalyst, for example, has given annual awards since 1987 to companies around the world that have initiated innovative efforts to promote diversity and inclusion. Companies such as Procter & Gamble, AstraZeneca, Marriott, Chevron and others have embraced corporate-wide efforts to transform entrenched cultures and install innovative programs. Two of these, Kimberly-Clark Corp. and Bright Horizons Family Solutions, have come at the issue from markedly different points of view. And in their stories, there are lessons to be learned.

**Kimberly-Clark...**

In 2009, Thomas J. Falk, the chairman and CEO of Kimberly-Clark Corp., had an epiphany. Despite a predominantly female customer base, Kimberly-Clark’s leadership team had a glaring lack of women executives. Of the top nine corporate officers, only two were women. Women were also underrepresented in the company’s business units. Even the feminine hygiene unit was headed by a man.

“Women are directly responsible for about 80 percent of purchases across our business,” Falk says. “We must cultivate a diversity of perspectives to drive innovation and business results.”

Up to then, the $19 billion global corporation treated gender and diversity as a human resources responsibility and addressed the issue with one-off events and conferences. The company didn’t have a diversity inclusion office, and diversity efforts were made by individuals but not on a corporate-wide basis. It wasn’t until late 2009 that the company, led by Falk and the board, began to tackle the issue, according to Sue Sears, vice president of global diversity and inclusion.

“We looked at where we were going on our business plans for the next five years, and we knew we were not going to get there by just doing it the same old way,” Sears says. “We really needed to have a totally different approach to our people philosophy.”

The company brought in an outside consultant to pinpoint the concerns and formed a diversity inclusion team to begin a deep dive into the issue. Based on extensive research and analysis, it seemed as if women inside the company were convincing themselves to avoid trying to move up to the next level. Many opted out because they felt they were not qualified for the position. They believed they required 100 percent of the necessary skills, whereas a man would be comfortable taking the job with 50 percent of the skills. “There was a confidence issue where women felt they weren’t good enough for the role,” Sears says.

In addition, there were family concerns, the burden of balancing work and home life that often falls harder on women. And beyond that was a “velocity issue”: men were entrenched in senior positions, blocking upward mobility for women. “It’s a very nice place to work.

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**GOOD FOR BUSINESS**

A Mckinsey survey of 89 STOXX Europe 600 companies with the highest proportion of women senior leaders and at least two women on the board outperformed every other company on the index.

- **Higher Corporate Earnings** (before taxes and interest)
- **Higher Return on Equity**
- **17% Higher Stock Price Growth**
They had lifetime employment, so the roles were not available,” Sears says. “Women would get stuck right under that director level and they couldn’t break through, so they would either leave the company or they stayed and were very dissatisfied.”

Realizing that this "passive-aggressive" environment was toxic for its female employees, Kimberly-Clark decided to remake its people philosophy. Falk instituted a corporate-wide initiative called “Unleash Your Power,” and it set off a culture shift that is continuing to evolve today. According to Sears, everyone in the company had to experience culture training, but more importantly, Kimberly-Clark got serious about identifying critical roles, instituting succession plans, identifying its top talent—some 500 senior-level employees around the globe—and making that talent visible to its senior leaders.

For example, if a critical job opens up, there is now a slating process to ensure that at least one diverse candidate has a fair shot at the position. Individuals who were declared “top talent” were informed of their status. “It used to be a secret club,” Sears says. “We never really told people they were top talent.” An accelerated development program was also instituted so that these emerging stars could move up much faster.

In the intervening four years, the changes became palpable. Of Falk’s nine direct reports, five are now women. Business units focusing on women’s product lines are now run by women, which has had a significant impact.

The results have been dramatic. Kimberly-Clark revenues and profits have soared from 2009 to 2013, rising from $19.1 billion in sales and an operating profit of $2.6 billion to $21.2 billion in sales and an operating profit of $3.2 billion. The company’s shares rose from $50 on Dec. 31, 2009, to $114 on the last day of 2013. At the same time, the number of women in director jobs or higher has risen from 17 percent to 31 percent. From a high percentage of women in human resources positions or other “softer” jobs, the number of women in “hard-core P&L jobs” has risen significantly.

According to Sears, the focus on professional development and career counseling has been hugely successful for women. Honest conversations with team leaders have opened up a dialogue with women employees that previously was absent.
Since its founding in 1962 by pioneering feminist Felice Schwartz, Catalyst, a New York–based nonprofit, has promoted diversity and inclusion for women in business. For the past 27 years, the organization has given its Catalyst Award to honor companies with innovative initiatives in gender diversity. Given the difficulty of resolving gender issues in the corporate world, Catalyst puts a spotlight on programs within companies that are successful in promoting diversity. Among its winners over the years are Chevron, Lockheed Martin, Unilever, Procter & Gamble, Nissan and Goldman Sachs. Kimberly-Clark, a 2014 winner, unveiled a program called “Unleash Your Power” in 2009 that spearheaded a successful initiative aimed at rethinking the company’s culture.

The award is aimed at creating models of fruitful gender diversity programs for others to emulate, according to Laura Sabattini, Catalyst vice president of research and chair of the Catalyst Award Evaluation Committee. To understand and analyze the value and impact of such programs, Catalyst solicits entries from companies, winnows down the list and then sends teams to visit, inspect and conduct interviews with employees, from the CEO and down, to determine how effective the initiatives have been.

“What we see a lot is that there is really no silver bullet in creating change,” Sabattini says. “It’s a lot of different bits and pieces that have to work together.” Catalyst often sees work-life balance programs or networks that were implemented with the best intentions but don’t fit into the corporate culture. If a program butts up against an entrenched culture and is not supported effectively by the leadership, employees may ignore it, and it is doomed to become a “program du jour.” The criteria for the award include:

**A CLOSE LOOK AT THE BUSINESS RATIONALE.**
A gender diversity program must be integrated in the business model and succeed within the way the business operates and the work gets done.

**SENIOR LEADERSHIP INVOLVEMENT.**
Unless the CEO and the senior executives are on board and role-modeling the behaviors and activities, change will not happen. If leaders are merely paying lip service to diversity, there is no accountability. Without visible support from top leadership, it is difficult to create change.

**EFFECTIVE COMMUNICATIONS.**
If a company implements a great work-life program but too few employees know about it, it will have little chance for success.

**ENGAGEMENT.** How many women are participating in the program? Are the activities helpful and do they provide the tools for an employee to rise within the company?

Catalyst has found that gender diversity programs work better if both women and men act as role models for the behaviors the company seeks. “It shows that it’s really not just about advancing women, but it’s about making the way work gets done more inclusive,” Sabattini says. “It’s great when there are male executives getting engaged with a women’s network. If you have a male-dominated industry where there are only a few women at the top, it cannot be all on their shoulders to make change happen.”

Most important, she adds, is accountability. The most potent programs, such as a professional development initiative at Procter & Gamble, hold senior managers responsible for results. “We find that the strongest and most effective initiatives are ones where there’s a very clear and transparent accountability linked to results. So it really becomes part of the way you do your work,” Sabattini says.
Bright Horizons...

While Kimberly-Clark had a dearth of women in senior positions, Bright Horizons had plenty of women in management roles. What it had to foster was a culture where women were given the support and flexibility to drive their careers.

When Mary Lou Burke-Afonso joined Bright Horizons as corporate controller 19 years ago, the company, based in Watertown, Mass., was known mostly for its child-care centers, and the majority of its employees were early-childhood educators, a field overwhelmingly populated by women. Back then, the company had 60 child-care centers and was just beginning to tap into the burgeoning need for quality child care and work-life balance solutions.

Today, Burke-Afonso is executive vice president in charge of U.S. operations for the company, which now has $1.35 billion in revenues, 20,000 employees and 900 child-care centers around the world. Of that employee roster, 95 percent are women, and the corporation has expanded its scope to include early education and preschools, employer-sponsored child care, backup care, educational advisory services and other services. In a world where gender diversity remains a thorny issue for most corporations, Bright Horizons has long been a welcoming and nurturing environment for women. In fact, this year the company was named to the Fortune magazine list of “100 Best Companies to Work For” for the 16th time.

Solving a major global challenge, getting women back to work, and trying to bring some value and respect to a group of educators who were generally dismissed as glorified baby sitters, was no easy task. “We’re still on that journey,” Burke-Afonso says, “teaching people and helping them understand the professionalism that we’re dealing with and respecting the early educators of our children who will be the future of our world.” In January, in his State of the Union Address, President Obama helped solidify the point when he called child care an economic imperative for the country, “not a ‘nice to have’ but a ‘must have.’”

For women, teaching has traditionally been a safe employment haven, and for Bright Horizons, that foundation has morphed into an attitude of empowerment and achievement. “When we’re hiring, what we have always said is that ‘we hire for attitude and train for skill,’” Burke-Afonso says. “That goes across our organization because culture is so important to us as an organization. If you can’t fit culturally, you’re going to have a hard time getting anything done.”

A key aspect of that culture, according to Burke-Afonso, is treating every employee as an individual, regardless of gender, race or ethnicity. “Every person has different needs for work-life balance, and we should work with them to help them achieve their goals while not sacrificing our business goals,” she says. “My feeling has always been that if we can understand what someone needs and it is reasonable and we can meet those needs, then we will create loyalty and respect and they will stay with us; not only stay with us, but bring five friends.”

Ironically, in a company so woman-centric, the CEO is a man. Dave Lissy is a Bright Horizons veteran who has been the chief executive for 10 years. He replaced Roger Brown, who founded the company in 1986 with his wife Linda Mason. But 56 percent of the Bright Horizons executive team is made up of women. In addition, all the division vice presidents are women, four of whom started with the company as teachers.

For Burke-Afonso, diversity is reflected by career path. She mentions how many women left not-for-profit jobs to join Bright Horizons as the company became more and more associated with the value and respect it brought to the child-care profession. “They really believed what we were doing was right,” she says. “And they also believed in the career path they would have within our organiza-
Be the Change

“In the high-tech industry, we hear about the ‘pipeline problem.’ If we get more women into STEM, the numbers will go up. But you have to remind people that this is exactly the narrative we heard 25 years ago in law firms and accounting firms.”

Painting a complex issue with a broad brush is always risky. But despite the shining examples of organizations that get it, the movement toward widespread gender diversity remains glacial. Harvard Business School’s Ely noted that in many industry sectors, the workforce hasn’t changed much in 25 years.

“What’s interesting about some of these so-called feminine fields is that they still tend to be dominated by men,” she says. “The numbers might rise a little bit, but they don’t rise as much as you think. In the high-tech industry, we hear about the ‘pipeline problem.’ If we get more women into STEM [science, technology, engineering and math], the numbers will go up. But you have to remind people that this is exactly the narrative we heard 25 years ago in law firms and accounting firms. ‘We don’t have that many women in the partnership because they haven’t been around long enough. We’ve got this 10-year partnership track, and once you’ve been around for a while, we’re going to lick this problem.’

“In fact, women have been entering those fields at rates of 50 percent or more and at the very top in terms of preparation, test scores, education. They are very competitive, sometimes outscoring the men. And yet, 20 or 30 years later, they are not moving into partnerships at these firms. They stall out at about 15 to 17 percent.”

For substantial, sustained change to occur, Ely believes that organizations must examine their cultures and analyze the long-held assumptions about what it means to be a leader, to make a contribution and to be competent. “What is the mission of the organization, and is our culture consistent with our mission?” she asks. “If they think about changing the way they do things, they can go about creating a place and a culture where all employees can thrive, not just one segment of the workforce.”