Institute of Leadership:
Inclusive Organisations

White Paper 2017

*"The ground is fertile. It is my belief that there is a greater understanding than ever before that women need to be equal participants in our homes, in our societies, in our governments and in our workplaces. The world is being held back in **every way** because they are not."*

Emma Watson. UN Ambassador for Women.

20 Reasons for Change

- Blocked female talent is losing the UK £5b a year (2012)
- There are 500,000 female middle managers
- 43% middle female managers feel they are likely to leave their current employer in the next 2 years
- They were least satisfied with lack of opportunities (48%), likelihood of progression not happening – felt invisible (47%), lack of clarity of career path (40%)
- 74% were satisfied with the flexibility in current job but lifestyle choices are a major obstacle.
- There are more than 2 million women working in management in UK
- They felt there was a lack of role models in top roles to inspire them
- In 2015 the World Economic Forum at Davos placed the UK at 26th which was down from 18th the previous year for gender equality
- We scored low for pay and promotion for women, the number of women in parliament, government and on company boards
- Estimates from the Equality and Human Rights Commission say there are 5,400 women 'missing' from top jobs in the UK. That would generate around £4.5m in taxation for the UK Government.
- Since 2003, women have held just 10.2% of senior posts in business; 15.1% in media and culture; 26.2% in politics; 26% in the public sector; 23% judges, 11% Cabinet, 20% Professors; and in law, where 62% entering are women, less than one third are partners.
- Up to age 34 the different average hourly pay between women and men is below 10%. Then it goes up to 30% by age 40, peaks at 45% at age 49, drops to 28% by age 59.
- CMI research found female managers over 40 earn 35% less than men of equal rank
- Since 2008 financial crisis, 826,000 women have moved into low paid and insecure work according to the Fawcett Society. In addition, those doing part-time and wanting full- time has doubled to 789,000.
- 371,000 new small enterprises earnings have fallen by 22%. The gender gap of small enterprises could be as high as 40%
- Number of female executive directors in UK has risen only from 5.5% to 6% in last five years. In China senior female executives are 51%
- 60% of global graduates are female
- Companies that employ female senior managers have shareholder returns on average 53% higher and profit margins 42% better where at least 1 in 3 board members are female.
- Research reports from McKinsey show a positive link between a company's performance and the number of women on its governing body, female leadership styles on organisational health and female leadership behaviours in the post-economic crisis.

- The cost of every successful acquisition by a company is reduced by more than 15% for every female director on the board and women demand higher returns on their investments when evaluating business deals. Thus making business more profitable.

"If we fully used the skills and qualifications of women who are currently out of work it could deliver economic benefits of 15 -21 billion pounds per year." Theresa May Then Home Secretary

Where We Are

An increasing number of ambitious, educated and talented women are entering the business world with drive and career aspirations. Yet, despite this influx, many corporations struggle to retain their female talent.

A Global Report by Grant Thornton showed that although over half graduates are female, they are concentrated in entry level or mid- level positions: the more senior the position, the lower % of women. We are missing out on talent and denying half the population equal opportunity to contribute to the economy. This includes loss in tax for the government and loss in productivity and engagement in organisations. We prevent a large section of the population from competing on equal terms as they exit careers with lack of encouragement and role models. All this costs the economy in terms of growth and productivity.

On the flip side, women try to fit in and lose touch with their own identity which is called assimilation. This requires huge amounts of energy and is draining leaving women feeling exhausted. As women get older, they become more disheartened and this affects their health.

It also results in hubris and 'Queen Bee' syndrome. Women should support women; not compete or sabotage other women. A study of 2,000 people found that gender stereotyping and discrimination is actually limiting both men and women in their career choices and found around 40% of the UK population are steeped in gender stereotyping limiting the lives of many. **In neuroscience, using MRI scanners, it has been found that the experience of feeling excluded activates the same part of the brain (the dorsal portion of the anterior cingulate cortex) as it would for the experience of pain.**

There is a strong economic, business, health and social need for change. Numerous studies globally have confirmed that reducing gender inequality enhances both productivity and economic growth. According to recent research through Davos, closing the male-female employment gap would boost US GDP by 9%, the Eurozone by as much as 13% and Japan GDP by 16%. While there is much going on in organisations to make the change, they are perceived as helpful up to a point but not effective by most women. What is holding women back? Research after research shows this includes:

- Lack of role models
- Feeling excluded
- No sponsor in upper management

- Women themselves, especially as they get older. Seeing oneself as a leader is an issue as gender bias in organisations and society disrupts the process of taking on board 'leader' as identity.
- Most of all – unconscious bias in everyone including other women and society at large. Resulting in work practices and cultural norms reflecting the unconscious bias in society.

The Unseen Barriers

The reality is that organisational practices mirror societal norms which places leadership as still a male concept and women who take charge as 'bossy'. Increasing the number of women does not change the culture. Neither are men or women to blame, though women too often blame themselves.

We are all actively using unconscious bias in our lives every day and society at large. In early mankind, it enabled us to quickly identify friend or foe based on 'are you like us'. Unconscious bias happens in our brains making fast judgements and assessments of people and situations without us realising it. Our biases are influenced by our background, cultural environment and personal experiences.

As we grow up, we form into social groups we feel part of and they influence how we frame our experience of the world; how we see it; and, how we judge others and ourselves. They also form our values, beliefs, attitudes and feelings about others and ourselves.

Most organisations were once set up and run by men and so the dominant culture is male. When women work in male cultures they sometimes have a choice: either assimilate and try to fit in but in doing so they lose touch with their own identity trying to be accepted that results in draining energy'; or internalise messages from the dominant culture such as 'women can't park cars' or 'women can't do maths'. **Neurobiology shows that there is in fact no difference between male and female brains when it comes to mathematical concepts, computational skills or leadership. In other words, there is no scientific reason for what we often see reflected in society.**

When minority cultures take on the messages of the dominant culture and turn them on themselves and each other it is called 'internalised oppression'. Examples of this range from saying 'I can't do maths' to putting down other women. In some cases a woman who is driven to succeed may align herself with men and distance herself from other women. Some men will also feel they have to assimilate a culture and will feel drained as a result of not being themselves.

We need to accept that we all have unconscious bias and that it is very deep rooted. It forms a three- part paradox that we deal with every day that says: We are all alike as we are all human beings; We are like no other human being as we are each individual; We are like some people more than others and we are comfortable with our social identity groups. All three function together and while being aware of this the reality is, it is part of being human. It is a myth to say ' I treat people as individuals' as in each interaction our unconscious bias kicks in and our body language and how we even look at another person will be recognised usually by the other person that we are even moderately suspicious to begin with. Political correctness pushed all this under the table when in fact we need to

bring these things to the surface to address them. If we don't every now and then our true beliefs or attitudes will drive bias behaviours to leak out even when we try to mask them.

Therefore, we have a choice to acknowledge unconscious bias but keep striding forward; or feel a victim. The key is to be authentic rather than assimilate or not only will we lose energy but there will be a danger hubris will surface as in the case of Margaret Thatcher and the occasional senior woman we have come across and this becomes a destructive force for everyone around.

The first part of the solution is to make a shift from 'diversity' which focuses on differences to 'inclusion' which is about the environment you create.

While many CEOs and boards are making gender a priority by setting aspirational goals for women and developing mentoring and training programmes, the money, time spent and good intentions are still not resolving the loss of female talent. The problem here is that while these initiatives are useful they don't address the often fragile process of coming to see oneself, and to be seen by others, as a leader. Becoming a leader involves much more than being put in a leadership role, acquiring new skills, and adapting one's style to the role. It involves a fundamental identity shift. Organisations inadvertently undermine this process when they advise women to seek leadership roles without also addressing policies and practices that communicate a mismatch between how women are seen and the qualities and experiences people tend to associate with leaders.

A significant body of research shows that for women, the subtle gender bias that persists in organisations and in society disrupts the learning cycle at the heart of becoming a leader. The solutions to the pipeline problem are very different to what companies currently provide. Traditional mentoring and leadership education are necessary but not sufficient. People become leaders *by internalizing a leadership identity* and developing a sense of purpose.

As a person's leadership capabilities grow and opportunities to demonstrate them expand, high profile, challenging assignments become more likely. But key to this process is the ability to develop leadership self –efficacy i.e. belief in the ability to lead. An absence of affirmation diminishes self -confidence and discourages an individual to seek these opportunities. Leadership identity eventually withers away along with opportunities to grow through achievements.

Integrating leadership into one's core identity is particularly challenging for women, who must establish credibility in a culture that is deeply conflicted about whether, when or how they should exercise authority. Furthermore, the human tendency to gravitate to people like oneself leads powerful men to sponsor and advocate for other men when leadership opportunities arise.

Despite a lack of discriminatory intent, subtle, 'second generation' workforce gender bias can obstruct the leadership identity development of an organisation's entire population of women. This includes a paucity of role models, gendered career paths and work, lack of access to networks and sponsors, double binds and so on. The resulting underrepresentation of women in top positions reinforces entrenched beliefs, prompts and supports men's bid for leadership, and thus maintains the status quo.

The second part of the solution is to educate everyone about second generation gender bias.

The third part of the solution is to create safe 'identity development spaces' for women.

In this space issues such as implicit leadership theories need to be addressed. This is when women say 'I'm not really a leader' based on what they believe a leader is. If they're not just being modest – and most aren't - people who claim they're not leaders find what they know about leaders inconsistent with what they know about themselves. They've compared themselves to their mental models of leaders and have concluded that they're not in that category. These mental categories integrating what we "know" about leaders and leadership are called *implicit leadership theories*; they are culturally shared assumptions about how leaders develop, look and behave

In our research with young people Implicit Leadership Theories were a huge barrier to leadership. Implicit leadership theories, our organized and coherent assumptions about leaders and leadership, have a multi-faceted impact on our leader identity, leadership behaviour, leader self-efficacy, ability to benefit from leadership development, and interactions with others in leadership roles. Surfacing and examining these assumptions in terms of how constructive they are allows us to expand our "leader" category to include non-stereotypical ways of exercising leadership, develop realistic leader identities, strengthen our leader self-efficacy, take initiative in leadership situations, and interact more constructively with those in leadership roles in our lives.

In addition, gender stereotyping affects leadership self –efficacy – the belief that one has the personal capabilities and resources to meet the demands of a specific task – in this case leadership. It has been shown through different studies recently that leader self-efficacy beliefs contribute to leadership performance. In addition, there is a positive relationship between leadership self-efficacy and the willingness to take on a leadership role. An individual with low leadership self-efficacy will avoid such experiences.

In addition, even with the same number of leadership experiences we know a female will have lower leadership self-efficacy than her male counterpart and this seems to be down to the subjective interpretation of their experiences. Men tend to interpret their successful performances in a more efficacy- enhancing manner, for example they interpret success as evidence of their ability, while women tend to attribute their successful performances in a way that constrains efficacy growth. Females are more likely to put achievement down to the help of others, their team or luck rather than their own capabilities – what is sometimes called the Imposter Syndrome. As little girls we are told not to show off and those messages tend to stick.

Research on gender and self -efficacy found that negative stereotypes (such as being called bossy) undermined the individual's assessment of their abilities and resulted in decreased performance that can be self-threatening. If persistent stereotype threat occurs individuals may disengage from that domain and this may be why we hear so many girls and women say they are not a leader and display 'disidentification' with the role. Each of these issues must be addressed in the development of leadership identity.

This is not to say that organisations are not active in trying to resolve the issue. There are three strategies that are being undertaken in organisations today to address gender imbalance. The first is 'assimilation' whereby women are encouraged to adopt more masculine attributes through assertive leadership and decision making. They may be coached to speak up more in meetings and take tough assignments; in other words to assimilate men at work.

The seconds approach is 'accommodation' whereby the organisation accommodates the unique needs of women such as extended maternity leave, flexible work arrangements and mentoring programmes to compensate for women's exclusion from informal networks. The third approach instead emphasises the differences that women bring to the work place and sometimes 'celebrates' those differences. This can take the form of 'sensitivity' training for male managers to appreciate feminine styles such as listening and collaboration. At the same time, the organisation puts women into roles where they market products to women or head up HR initiatives.

All these have helped some women as far as they can but don't go far enough. This is because they focus on *the symptoms* of inequality rather than the *sources* of inequality. Things won't improve unless we start with the belief that gender inequity is rooted in our cultural patterns and therefore in our organisational systems that need to be reinvented by altering the raw materials of organisational practices in which biases are expressed.

The fourth solution is to facilitate a process whereby people talk about the work culture and launch small initiatives to try and eradicate the practices that produce inequity and replace them with practices that make for an inclusive organisation that is better for everyone.

This means that it routs discrimination by fixing the organisation, not the women who work for it. The problem isn't a glass ceiling; it's the whole structure in which we work. Now leaders have to be architects to reconstruct organisations, brick by brick, rebuilding with practices that are stronger and more equitable for <u>all</u> people.

The process is achieved through what Karl Weick called 'small wins'. It is through small wins that individuals and teams are highly successful. It keeps people motivated, focused and suits how the brain works.

Conclusion

Having identified the real problem in all its complexity the challenge now is to address the whole issue of gender inequality that goes to the heart of the problem.

1. Shift from 'diversity' which focuses on differences to 'inclusion' which is about the environment you create.
2. Educate all on 'second generation bias'.
3. Create safe identity development spaces for women to develop their leadership identity and sense of purpose.
4. Facilitate process where people complete small initiatives to eradicate practices and replace with equity practices better for everyone.