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Gender Diversity: Mind the Gap

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Improve your pool of leadership talent and increase their chance of success – while improving diversity as a natural consequence

Typically, women are underrepresented in leadership, partly due to subconscious biases about what makes an effective leader that emphasize more male-oriented traits. Once you consider the traits associated with success in specific contexts – women likely stand out on more success dimensions than men. **In short, if you select for success, diversity happens by default.**

Leadership diversity and the gender gap

The top talent of your leadership bench and diversity initiatives might be right where you're not looking

THE SIXTY SECOND VIEW

10 SECONDS — **Diversity continues to be a focal point.** Tapping into diverse perspectives, experiences, and traits contributes to better organizational culture and performance.

20 SECONDS — **Women are still underrepresented.** They make up half of the population, yet the ratio of women in leadership roles is much smaller.

30 SECONDS — **Context makes all the difference.** Different work contexts call for different leader attributes, which calls for a different approach to recruiting and developing the leadership bench.

40 SECONDS — **Women have what it takes to excel or succeed - if given the opportunity.** While men tend to have more experience, women actually have more of the requisite leadership attributes.

50 SECONDS — **No need to hire with diversity in mind.** Just identify the contexts in which different types of people are likely to succeed. Diversity naturally follows.

60 SECONDS — **The work is done.** We identified the traits that matter most for success in different leadership roles, given the unique contextual challenges that define those roles.

Leading in a time of unprecedented change

Leaders are challenged with realities that are only going to become more disruptive

Looking across industries, geographies and roles, the present state of leadership is challenging:

Nearly half of all leaders who move into new roles fail to meet strategic objectives.[i]

Two-thirds are not adapting quickly enough to achieve their business and strategic goals.[ii]

Only 12% of leaders effectively contribute to the performance of other units or teams.[iii]

As a result, confidence in leader talent pipelines has gone from bad to worse.

Only 13% of organizations reported having a strong leadership bench.

Senior leaders say **nearly 75%** of their business units don't have future-ready leaders in place.[iv]

Organizations look externally for leaders, which adds cost, on-ramp time, and greater risk of failure.[v]

[i]   Gartner 2012 High-Impact Leadership Transitions Research Report.
[ii] Gartner 2016 Q4 Executive Guidance: Driving Performance in Volatile Markets.
[iii] Gartner 2015 Creating Enterprise Leaders.
[iv] Gartner 2013 Succession Management Survey.
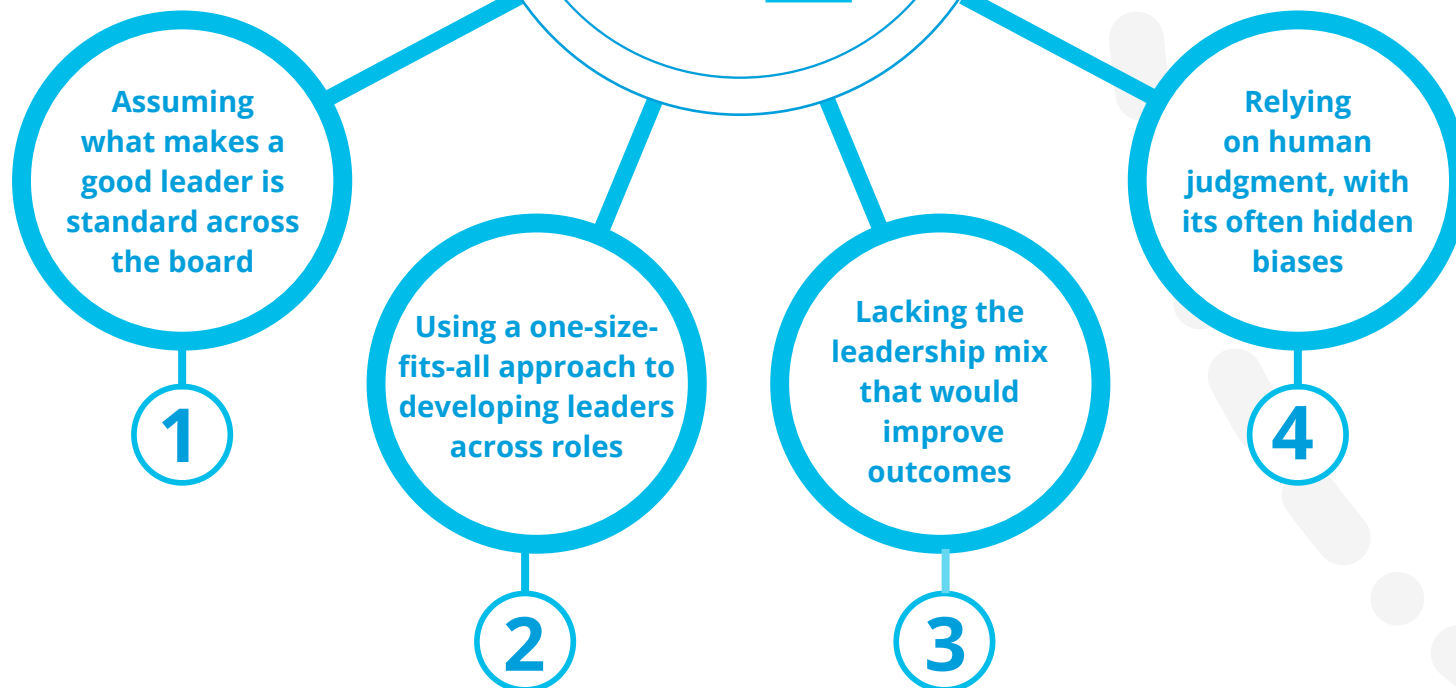[v]   Ibid.

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Accelerating gender diversity increases the potential leader talent pool ...and women are as well or better prepared to face the most urgent and impactful business challenges.

Source: SHL research

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Four Ways

organizations fail their leaders – and their diversity goals

Assuming what makes a good leader is standard across the board

1

Using a one-size-fits-all approach to developing leaders across roles

2

Lacking the leadership mix that would improve outcomes

3

Relying on human judgment, with its often hidden biases

4

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Diversity adds measurable business impact

Even if it were not a social imperative, diversity is a proven success factor. Organizations with diverse workforces are more likely to outperform their less diverse peers.

For instance, research found:

The top 25% most gender-diverse companies were **15% more likely** to surpass the national industry median in financial returns.

Companies in **the bottom 25%** for both gender and ethnic diversity were **25% more likely** to underperform, compared to companies in the other three quartiles combined.[vi]

Executed correctly, diversity creates a trusting and inclusive climate, which boosts employee engagement[vii] and leads to greater customer satisfaction, profits, productivity, safety, and employee retention.[viii]

Trouble is, that ideal has been elusive for most organizations.

[vi] V.Hunt, D. Layton, and S. Prince, Diversity Matters (London: McKinsey & Company, 2014).

[vii] S. N. Downey, L. van der Werff, K. M. Thomas, and V. C. Plaut, "The Role of Diversity Practices and Inclusion in Promoting Trust and Employee Engagement," Journal of Applied Social Psychology 34 (2015): 35-44.

[viii] J. K. Harter, F. L. Schmidt, and T. L. Hayes, "Business-Unit-Level Relationship Between Employee Satisfaction, Employee Engagement, and Business Outcomes: A Meta-Analysis," Journal of Applied Psychology 87 (2002): 268-279.

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Three misconceptions that hinder diversity efforts

Even organizations with an ingrained commitment to gender diversity are held back by long-standing misperceptions.

1 **The playing field is already level**

Perception

Barriers have come down, women and minorities have moved up, and any lingering inequality is a function of different capabilities, commitment, and choices.

Reality

Opportunity is still not equal. Women and minorities are subject to cultural stereotypes, and as a result, they don't get an equal shot at leadership development and experiences.

2 **Men have innate advantages over women in leadership roles**

Perception

Attributes perceived as more masculine are considered more important to advancement potential than attributes perceived as more feminine.

Reality

Women have the attributes to outperform men in 21 of the 27 challenges that distinguish between different types of leaders, according to SHL research.

8

3 **To have more women at the top, you'll have to hire more women**

Perception

Organizations need to recruit more women – especially early in their careers – if they want to have more women in leadership roles.

Reality

High-caliber potential leaders are already in the organization, but they are commonly overlooked due to inherent bias or lack of development opportunity and relevant experience.

To get beyond the misperception, it's more important than ever to have objective, research-based insights to inform talent decisions and hone in on the essential elements of leadership potential. SHL conducted pioneering research that is overturning preconceived ideas about women as leaders.

Even though female leaders are more common than they were in the past, gender stereotypes have not changed much during the last 30 years.[ix]

[ix] E. L. Haines, K. Deaux, and N. Lofaro, "The Times They Are A-changing... or Are They Not? A Comparison of Gender Stereotypes, 1983–2014," Psychology of Women Quarterly 40 (2016): 353-363.
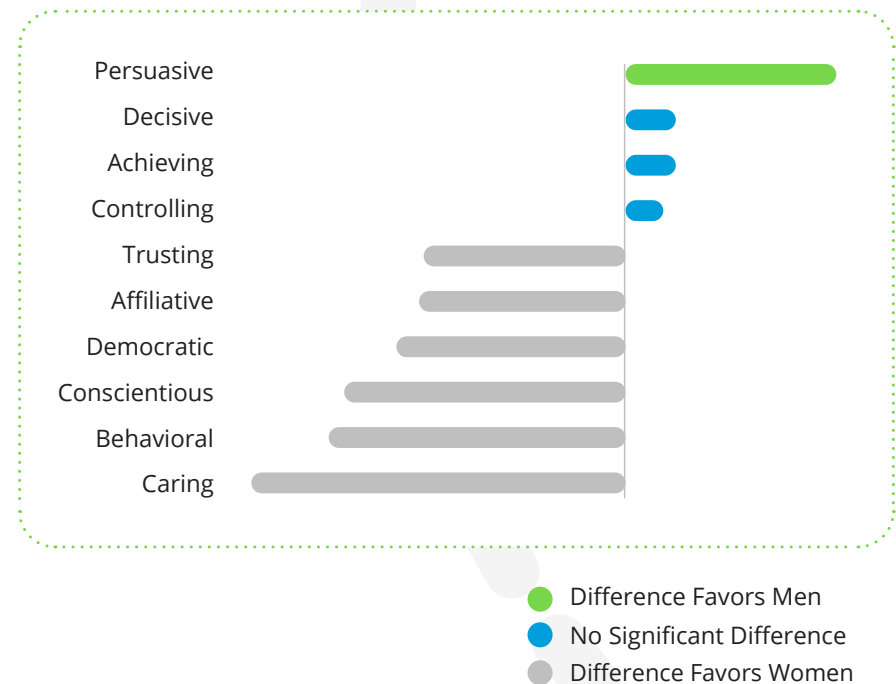
Considering context naturally advances diversity

It's time to move beyond general, one-size-fits-all leadership models as the basis for leader selection and development. Shifting to context-specific competency profiles more accurately identifies the best fit talent for the specific context.
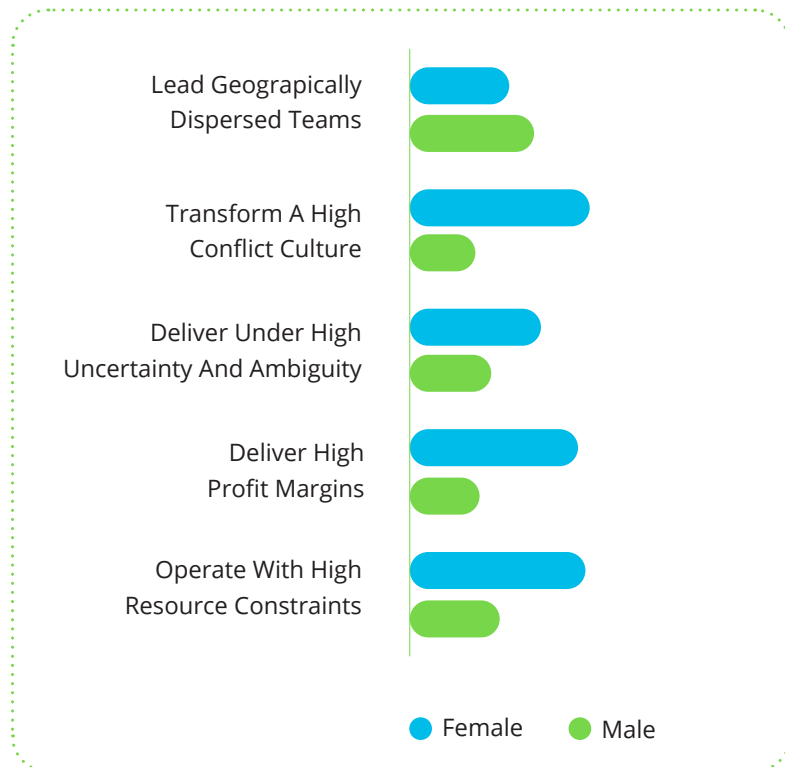
Understanding the attributes of success in a given context and selecting for those attributes may open your eyes to exceptional candidates that have been overlooked because they don't fit traditional, generic leadership profiles. Gender Diversity is a natural result.

Based on Occupational Personality Questionnaire (OPQ) scores: Women surpass men in many dimensions that are positively correlated with performance.

Gender difference on OPQ scales that tend to be *positively* related to leader performance

Persuasive
Decisive
Achieving
Controlling
Trusting
Affiliative
Democratic
Conscientious
Behavioral
Caring

● Difference Favors Men
● No Significant Difference
● Difference Favors Women

Example Mean Challenge Scores by Gender

Lead Geograpically Dispersed Teams

Transform A High Conflict Culture

Deliver Under High Uncertainty And Ambiguity

Deliver High Profit Margins

Operate With High Resource Constraints

● Female   ● Male

Women have higher scores on many of the most important leadership challenge areas.

The right formula for leadership decisions

Organizations invest vast amounts of money in selecting the right candidates for functional roles. They often don't apply the same rigor, data or objectivity to decisions about leaders. Instead, they rely too heavily on subjective opinions and impressions.

It's time to reconsider non-scientific approaches for leader selection and succession planning. By using predictive and objective assessment solutions, organizations can measure leadership potential to meet the pressing challenges of today – and tomorrow.

It's an important advantage that such a data-based approach – as it identifies best-fit candidates on objective measures in context – also naturally advances diversity.

How SHL can help

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Find out how SHL can help you improve diversity and make better decisions about leadership **succession and placement**.

SHL Leader Edge predicts leader performance better than any other single approach to evaluating leaders. Our solution helps companies prioritize and articulate the biggest challenges leaders will likely face, now and in the future.

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SHL brings powerful and transparent AI technology, data science, and objectivity to help companies attract, develop, and grow the workforce they need to succeed in the digital era.

We empower talent strategies to unlock the full potential of your greatest asset—people.