



# **Navigating disruption without gender diversity? Think again.**

How five disconnects  
are holding back gender  
diversity and stifling  
innovation in business



# Navigating disruption?

From our conversations with clients, we know that businesses are experiencing disruption across all sectors. Examples include bots and artificial intelligence in financial services; driverless cars; drones being used in agriculture, oil and gas, and construction; robotics; and smart homes. Disruption is happening now.

**What is the link between disruption and gender diversity? Innovation. In our experience, the way to spark innovation is to harness the power of different ideas from diverse groups of people who are supported by an inclusive culture. Part of this equation is gender diversity.**

Companies that want to survive these challenging times will need to tap into a range of opinions, ideas and experiences. Successful leaders must anticipate and address the sweeping changes in global demographics and advances in technology to create an environment where people and ideas flourish. And improving gender diversity, not only in senior leadership but also across the talent pipeline, can help.

At EY, we are passionate about helping our clients drive performance while creating inclusive cultures that reward the best and brightest, and challenge unconscious bias. Gender parity is an important aspect of diversity and inclusion as well as a driver of enhanced economic performance; so much so that in 2015, we created *EY Women. Fast forward*, a new global platform to catalyze achievement of gender parity within EY and in the wider business world. The proven links between gender diversity on boards and better business performance show that having more women in your boardroom makes good business sense.

Closing the gender gap begins with measurement and reporting. In this latest piece of research, we reveal that business leaders recognize the challenges ahead and acknowledge the importance of diversity. But worryingly, businesses are not adequately tracking their progress toward it or addressing the challenge in a way that will deliver real results.

What's needed is fresh thinking – to challenge the five disconnects outlined in this report that are holding back progress.

**If you think the issue of gender diversity has been solved, think again. We hope that you will join us in the call to action; work on achieving gender parity can, should and must begin today.**



**Alison Kay,**  
Global Vice Chair,  
Industry



**Randy Miller,**  
Global Sector Leader,  
Automotive and Transportation



**Liz Bingham, OBE**  
Partner, Ernst & Young LLP UK&I  
People Advisory Services,  
Diversity and Inclusiveness, Advisory



# Navigating disruption without gender diversity?

## Think again.

How five disconnects are holding back gender diversity and stifling innovation.

**Think that disruption and gender diversity are two separate, distinct business issues?**

**Think again.**

Disruption and gender diversity are two of the biggest topics facing business leaders around the world. Both issues are critical to the future of every industry. And they are closely connected.

To navigate the current era of disruption successfully, businesses will need to draw from a diverse range of opinions, ideas and experiences.

Disruption demands innovation. But history is littered with examples where a lack of diversity of thought and experience has constrained decision-making and curbed innovation. Businesses need diversity to survive and thrive.

In late 2015, EY interviewed 350 C-suite leaders from 51 countries and across seven industries about how businesses are addressing gender diversity and disruption. Our research revealed that leaders overwhelmingly recognize the challenges ahead of them and acknowledge that diversity in senior leadership is important for navigating change.

But despite valuing diversity, many businesses are not addressing the gender gap in a way that will deliver the change that is needed. We identified five disconnects that are holding businesses back from achieving gender diversity on their boards.

- 1. The reality disconnect:** Business leaders assume the issue is nearly solved despite little progress within their own companies.
- 2. The data disconnect:** Companies don't effectively measure how well women are progressing through the workforce and into senior leadership.
- 3. The pipeline disconnect:** Organizations aren't creating pipelines for future female leaders.
- 4. The perception and perspective disconnect:** Men and women don't see the issue the same way.
- 5. The progress disconnect:** Different sectors agree on the value of diversity but are making uneven progress toward gender parity.

In this report, we address each of these disconnects and outline why it is important to *think again* about current approaches to gender diversity in senior leadership.

### Can you hear me? A cautionary tale of innovation without diversity

When voice recognition software for the automotive industry was first launched, it was with a fundamental flaw – the software barely recognized women's voices. Female customers would give their car a command and – nothing. One woman who called customer service was told point-blank that the system would never work for her – she should just have a man set it up.

What went wrong? The original design teams lacked diversity. They were overwhelmingly male and unconsciously calibrated the voice recognition systems to their own voices and speech patterns. The value of their innovation was harmed by the fact that the design team didn't reflect the end users.

### Diversity matters

#### About the report

We interviewed 350 C-suite leaders (50% men and 50% women) from 51 countries. The research includes responses from business leaders in automotive, consumer products and retail; financial services (banking and capital markets, and insurance); life sciences; oil and gas; and power and utilities.



## The case for gender diversity in the boardroom: two trends collide

In 2016, every industry is grappling with the convergence of two disruptive trends:

### Trend 1: The pace of disruption is accelerating at a historic pace

The business world has always had to adapt to innovation – but never so quickly. It took 75 years for the telephone to reach 50 million people. The internet took four years to reach as many users. Now, disruptive products are adopted by millions of people within weeks. Technology breakthroughs offer huge opportunities for business, but they also increase the pressure. Keep up or be left behind.

### Trend 2: Gender diversity is essential for companies navigating disruption

Overwhelming research shows the importance of gender diversity to innovation. An analysis of the S&P Composite 1500 found that firms with women in top management roles experienced an increase in “innovation intensity” and were worth, on average, about US\$40m more than companies with only male leaders.<sup>1</sup> Research has also found that teams with more women are better at logical analysis, coordination, planning and problem solving.<sup>2</sup>

Despite evidence of the benefits of gender diversity, the World Economic Forum (WEF) has found that women are only 28% as likely to reach leadership positions as men. In fact, based on current approaches, it will take 117 years to achieve global gender parity.<sup>3,4</sup>

### What does gender diversity mean for business?

Business leaders are asking themselves a number of questions. How can we outpace competitors and drive growth? Where will that growth come from? What new opportunities can we seize to secure our company's future?

The highlighted facts make a strong case for developing female talent.

- ▶ Financial performance improves with more women onboard. A recent report from the Peterson Institute for International Economics found that 30% female representation on boards could add up to six percentage points to its net margin.
- ▶ Talent management is one of the top risks for businesses, and global competition for the best talent will only increase. If businesses fail to engage and develop women, they are essentially leaving half of their potential behind.
- ▶ Future growth will increasingly come from women. By 2020, nearly a billion women will have the potential to enter the global economy for the first time. These women are employees, entrepreneurs and customers.<sup>5</sup> This group has been labeled the “third billion,” because it offers the same economic potential as the billion people entering the economy in both India and China.<sup>6</sup>

Achieving greater gender diversity in your leadership teams will not only increase your talent pool, it will boost innovation and improve profitability, thus helping to future-proof your organization.

**“Disruption is accelerating at an historic pace. Talent to support this disruption is mission critical. With a billion women joining the economy for the first time by 2020, advancing gender diversity is a major differentiator in winning in your markets.”**

Randy Miller,  
Global Automotive and Transportation Leader

<sup>1</sup> gsb.columbia.edu/mygsb/faculty/research/pubfiles/3063/female\_representation.pdf

<sup>2</sup> www.nytimes.com/2015/01/18/opinion/sunday/whysometeamsaresmarterthanothers.html?\_r=0

<sup>3</sup> weforum.org/docs/WEF\_FOJ\_Executive\_Summary\_GenderGap.pdf

<sup>4</sup> reports.weforum.org/global-gender-gap-report-2015/press-releases/

<sup>5</sup> ey.com/GL/en/Issues/Driving-growth/Growing-Beyond---High-Achievers---Women---The-Third-Billion

<sup>6</sup> fortune.com/2012/10/05/how-one-billion-women-will-shake-the-business-world/

# 1. The reality disconnect

**Business leaders assume gender inequality has nearly disappeared despite little progress within their own companies.**

**"I suppose it will take us between three and five years to reach gender parity in the boardroom. At the moment, there are a lot of women in middle management but not many at the top."**

Female senior executive, insurance, Mexico

**"I would love to say we'll reach gender parity in five years. That is what I hope. In reality, it may be 10 years."**

Male senior executive, power and utilities, Australia

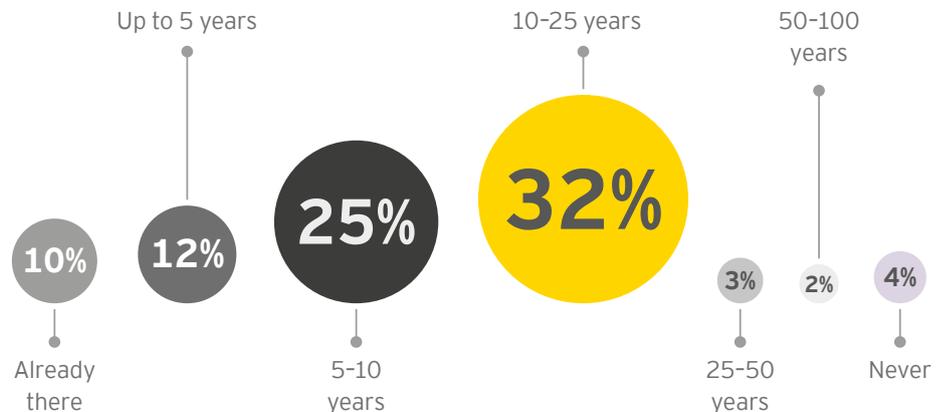
## Think gender parity is nearly solved? Think again.

About half of those we surveyed told us that they think their board has already achieved gender parity (defined as 30%-40% women), or that it will do so in the next 10 years.

But this thinking is disconnected from reality. According to the World Economic Forum's 2015 report, gender parity is 117 years away. Alarming, this has increased 37 years from WEF's 2014 report, which put the timeline at 81 years.

Far from closing in on gender parity, business is going backward.

## How many years do you think it will take to achieve 30%-40% of women on your board?



## Do businesses that value diversity have plans to achieve it?

Even though the overwhelming majority of respondents say they value diversity and most believe they are making good progress toward gender parity in the longer term, very few (13%) anticipate significant improvements in the next five years.

Without significant increases to women in leadership in the short term, how can the longer-term objective of gender parity be met?

## What changes do you expect over the next five years to the number of women in leadership roles?





## For the board

### Ask

- ▶ Given the proven benefits of gender diversity, how well is your organization positioned to reap these rewards?
- ▶ Is a lack of diverse leadership impacting your ability to innovate?
- ▶ What is your plan to achieve gender parity in your leadership team?
- ▶ Is this strategy grounded in concrete steps or just good intentions and wishful thinking?

### Act

- ▶ Take a critical view of where you are now and where you need to be
- ▶ Align your vision of the future with pathways to get there
- ▶ Don't assume gender parity will take care of itself. Implement key enablers of gender diversity – from increased and more inclusive networking opportunities to formal training, sponsorship and mentoring programs

**“We are at no more than 10% now. When we will achieve gender parity, I have no idea – it might not change at all, or it might even go the other way.”**

Female senior executive,  
life sciences, Denmark

## 2. The data disconnect

### Companies don't effectively measure progress toward achieving gender diversity in leadership.

**"I think there is a lack of awareness from the top that there is a lack of women and a lack of women at the top. Nothing will happen until there is awareness of the issue."**

Female senior executive,  
life sciences, US

**"We measure the progression of gender diversity. We get up to 50% in middle management, but then, when we get to senior management, it disappears down a black hole."**

Female senior executive,  
insurance, UK

#### Think organizations are measuring their progress toward gender diversity?

##### Think again.

As management expert Peter Drucker famously said, "What gets measured, gets managed."<sup>7</sup> Yet when it comes to achieving gender parity, most businesses we surveyed are missing this critical step. Despite almost universal agreement on the value of diversity, less than half of the organizations have programs to formally measure their progress in improving it.

#### Do current metrics track women from entry to leadership?

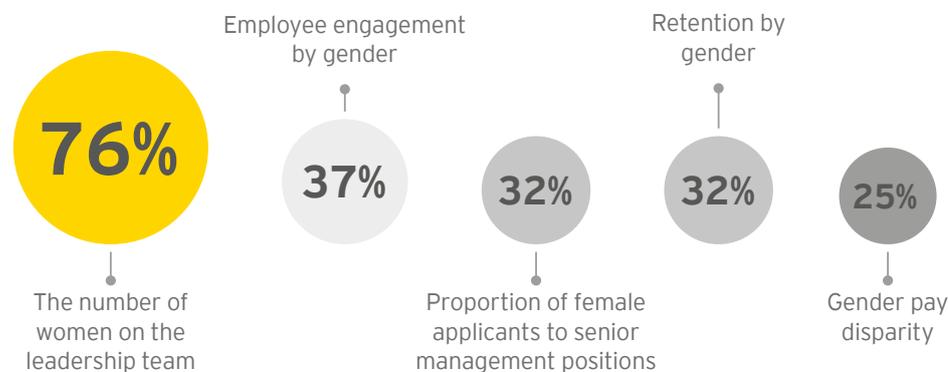
Those organizations that do measure gender progress are primarily counting how many women have reached senior leadership positions. But measurement of the pipeline of future leaders is lacking almost entirely. Few organizations have metrics in place to follow women as they move along their career path to see where and why outstanding talent leaves the business or falls off the leadership track.

#### Are businesses measuring the impact of gender diversity on their bottom line?

Overwhelming evidence tells us that women in leadership improve the bottom line. In just one example, a recent report by EY and the Peterson Institute for International Economics found that an organization with 30% female leaders could add up to six percentage points to its net margin.<sup>8</sup>

But how many organizations measure the impact of gender-diverse boards on financial performance? Just 2% of respondents – and nearly 70% have no intention to begin.

#### Which leadership team gender metrics do you formally measure?



<sup>7</sup> [hbr.org/2010/10/what-cant-be-measured](http://hbr.org/2010/10/what-cant-be-measured)

<sup>8</sup> [www.ey.com/US/en/Newsroom/Newsreleases/newseynewresearchfromthepetersoninstituteforinternationaleconomicsandeyrevealsignificantcorrelationbetweenwomenincorporateleadershipandprofitability](http://www.ey.com/US/en/Newsroom/Newsreleases/newseynewresearchfromthepetersoninstituteforinternationaleconomicsandeyrevealsignificantcorrelationbetweenwomenincorporateleadershipandprofitability)



## For the board

### Ask

- ▶ What specific goals do you have regarding gender diversity?
- ▶ How are you measuring your progress toward these goals?
- ▶ What are you telling your shareholders about your progress toward gender diversity?
- ▶ Is your business going to achieve its top priorities without greater gender diversity?

### Act

- ▶ Set concrete gender-parity targets
- ▶ Measure the progress toward this target by using clear metrics to count the numbers of women at all levels and in all areas of your business
- ▶ Use this data to identify obstacles and enablers to female career advancement
- ▶ Be more transparent and accountable about gender diversity – this is an increasingly important issue for stakeholders
- ▶ Use this data to improve efforts to achieve gender diversity throughout the organization

**“They started to count how many of the roles at each level throughout the organization are populated by women, so they can see if there is a disparity. I don’t think they really recognize if there is a disparity, but at least they started keeping count.”**

Female senior executive,  
life sciences, US

# 3. The pipeline disconnect

Companies aren't creating pipelines for future female leaders.

**"There needs to be a formalized process for developing women. It's not happening organically – this industry is still an 'old boys' club."**

Female senior executive,  
consumer products and retail, Canada

**"We need to invest in the lower ranks to allow women to move up as successful future senior leaders. Training for women is the most important – not so much gender-specific training, but programs that are aimed at identifying and nurturing individual propensities and skills."**

Male senior executive,  
life sciences, US

**Think organizations that are good at recruiting women are also good at promoting them?**

**Think again.**

Approximately 72% of respondents say they are effective both at attracting women to their organization and retaining them once they get there. But only 56% say they are effective at identifying, retaining and promoting female leaders.

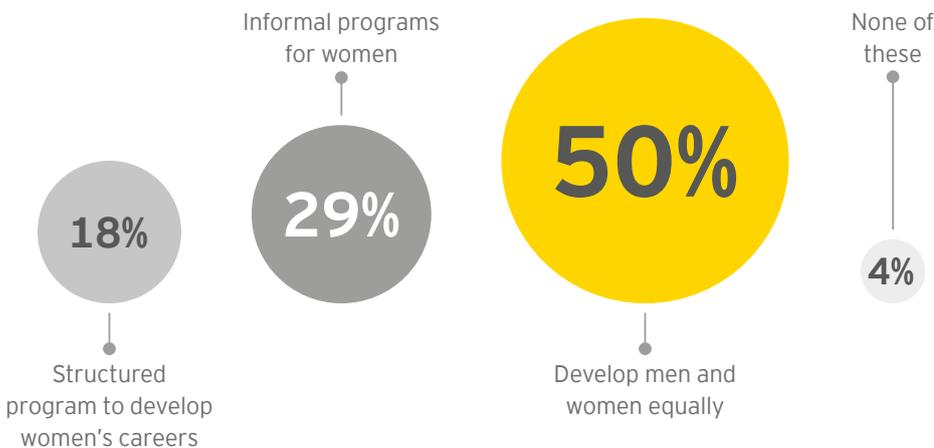
**Are businesses that recognize the pipeline gap taking formal steps to address it?**

More than half (55%) of respondents said they need to do more to attract, retain and promote women to leadership positions.

But there is a disconnect between intentions and actions. Less than a fifth (18%) of respondents have structured, formal programs to identify and develop women for leadership.

Is this lack of progression of female talent stifling your ability to turn today's outstanding women into tomorrow's leaders? What is certain is that current approaches to attracting and promoting women are not delivering the diverse talent into senior leadership positions that businesses need. And, as highlighted by the data disconnect, an absence of monitoring and measuring means that companies are not aware of why their best female talent doesn't make it to the top.

How do you develop female leaders in your organization?





## For the board

### Ask

- ▶ What is your plan to attract and recruit the most outstanding female talent?
- ▶ Once you've recruited the best women, what is your plan to retain, develop and promote them to senior leadership positions?
- ▶ Are you assigning women to profit and loss and strategic roles so they get the experience they need to progress to senior leadership positions?
- ▶ Do you know if, why and when your leaders of tomorrow are leaving today?

### Act

- ▶ Determine what your company must do to become an employer of choice for women
- ▶ Implement formal programs to identify potential female leaders and develop these women in a way that makes sense to them
- ▶ Ask your female employees how you could improve the senior leadership pipeline

**"I think that as more women come into the organization, we should put in place a formal women leadership program. Not having one is holding women back."**

Female senior executive,  
oil and gas, US

**"We focused first on informally discussing the female leadership program and then we created it. When it was first raised with senior management, they said, 'What about a male program?' I said, 'Well, you're looking at it.' So they tentatively supported it. Now that they have seen the benefits it has brought, they're fully onboard. It makes a huge difference to women and helps with gender metrics reporting."**

Female senior executive,  
insurance, US

# 4. The perception and perspective disconnect

Men and women have different views on the gender diversity gap and how to solve it.

**"I think there is some unconscious bias that doesn't recognize the differences between men and women. Women tend not to promote themselves as actively as men, and our processes do not take this into account, even from the perspectives of performance management and talent development."**

Female senior executive, power and utilities, New Zealand

**"There aren't any barriers to women achieving leadership positions."**

Male senior executive, power and utilities, Brazil

**Think men and women see the problem the same way?**

Think again.

**"Genders have different characteristics. Men are more open-minded and tolerant. Women are too detail-oriented."**

Male senior executive, power and utilities, Brazil

While 61% of women believe their organizations do not have sufficient diversity of thought and experience on the leadership team, only 44% of men agreed.

And when asked about the key barriers preventing women from reaching leadership positions, we found even bigger disconnects. Almost half (43%) of men said that one of the biggest problems was a shortage of female candidates. Yet, among women, only 7% agreed that this was the top obstacle. The top three barriers women did list were an unsupportive culture, organizational bias and the conflicts of raising a family. Interestingly, though, more men (44%) cited family conflicts as a barrier than women (24%).

**Do men and women see the solutions the same way?**

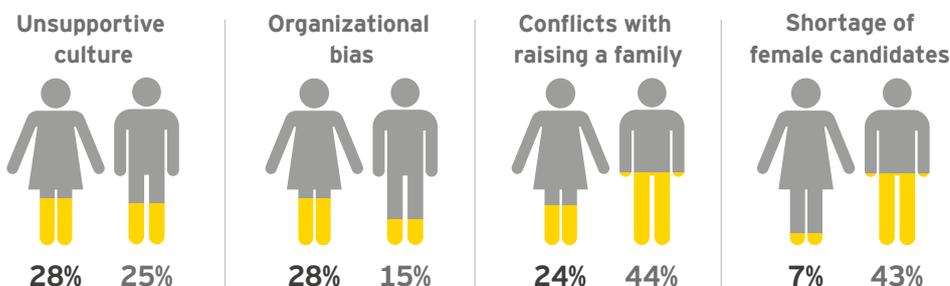
**"I think we need to do some deep, granular analysis of where unconscious gender bias plays into decisions to hire or promote women into senior leadership roles. There also needs to be a willingness to take a risk where the female candidate may not have the precise background for a role but does have the competencies to do the job."**

Female senior executive, consumer products and retail, UK

**"If women have families, they need more time and that can be a barrier. They often have all the skills to be successful, but men don't recognize that."**

Female senior executive, power and utilities, Greece

What are the top barriers to women in leadership?





When women and men see the problem differently, it's not surprising that they see different solutions to improving gender diversity.

When asked what would help more women reach leadership positions, over half (54%) of female respondents said mentoring from senior leaders. Yet, only 29% of male respondents agreed. In our experience at EY, the benefits of mentoring are also enhanced by the sponsorship of senior leaders who actively seek out and endorse talented women across wider networks.

Networking opportunities are also cited as an important enabler by nearly three times as many women as men (29% of women, compared with 11% of men).

Our *Inspiring Women* series of interviews with senior women in industry also reveal the importance of mentoring and sponsorship to career progression. Many of the women we spoke to highlighted it as a key enabler.

**"The mentors I have been fortunate enough to work with have certainly helped me to appreciate my strengths, as well as where I need to improve. I'm currently being mentored by the former chair of an FTSE 100 company. Having access to someone with his amount of experience, someone who's not in the day-to-day operational fray, is incredibly useful. I have benefited from his perspective and wisdom and taken confidence from his encouragement."**

Karin Cook,  
Group Director, Operations, Lloyds Banking Group, UK

**"I think women tend to have a lack of confidence, which is something mentors can help to overcome. In my early 20s, when I was a commercial apprentice and always asking questions, my boss said to me: 'What do you really want to do? Are you going to pursue a degree?' He saw something in me and really encouraged me."**

Birgit Behrendt,  
Vice President, Global Programs & Purchasing Operations,  
Ford Motor Company, US

To find out more about our *Inspiring Women* series, visit [ey.com/inspiringwomen](http://ey.com/inspiringwomen).

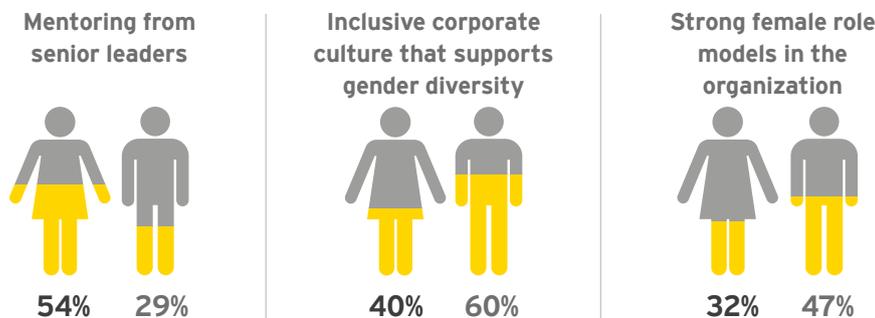
The one area that both men and women agree on is creating a supportive corporate culture: 59% of men listed it as their top enabler while 40% of women agreed and rated it an enabler of women's careers – following senior mentoring.

An inclusive culture is built by leaders who encourage diversity of thought and experience at every level within their business, and commit to incorporating diverse thinking into day-to-day decision-making.

**“Become a sponsor and encourage more senior male leaders to do the same. Sponsors can help open doors for potential female leaders to valuable assignments and connections and make a difference by providing support and believing in them. It's important that today's leaders counteract the natural tendency to turn to the people they feel most comfortable with – most often someone like themselves.”**

Mark Weinberger,  
Global Chairman and CEO, EY

### What are the top enablers for advancing women into leadership?



### For the board

#### Ask

- ▶ Are men and women in your organization aligned on their perceptions of the barriers and accelerators to gender diversity? How can you bring these perceptions closer together?
- ▶ Have you asked the women in your organization what would enable their career progression?
- ▶ How are you using this feedback to overcome barriers to career progression?
- ▶ Are you embedding a diverse and inclusive corporate culture that embraces all views and is free of conscious and unconscious bias?

#### Act

- ▶ Help to create opportunities for open dialogue between men and women about challenges and potential solutions
- ▶ Make a greater effort to understand this challenge from those who have lived it
- ▶ Take an active role and support the pipeline of female talent. Advise and sponsor women and encourage all executives – male and female – to do the same
- ▶ Decide what actions you will take now that will contribute to a more inclusive – and successful – organization. Commit to making gender diversity your legacy

## Actions that women can take to advance their careers

- ▶ Take charge of the next phase of your career; spread the word about what you want, seek guidance and have a plan
- ▶ Seek mentors to provide advice and guidance, and sponsors to endorse you across wider networks
- ▶ Consider focused networking to build wider relationships and connections
- ▶ If board service is on your horizon, start thinking about it today: understand what it takes to serve on a board and how your skills and experience can be enhanced to prepare for this role. Consider board-readiness training

**"I think we limit ourselves because we don't believe in ourselves, and we don't know how to ask or apply for higher positions. We don't have confidence in ourselves. We are afraid to fail in combining family and work. We need to learn to ask and to be convinced that we can do it."**

Female senior executive,  
automotive, Argentina

**"Women would improve their chances if they were better at showing their good results. They need to communicate their individual successes."**

Male senior executive,  
consumer products and retail, Finland

## Actions that men can take to support female colleagues

- ▶ Become a mentor and share your experience and knowledge with female colleagues
- ▶ Become a sponsor and help your female colleagues navigate their career path and endorse them within your networks
- ▶ Consider whether your team has sufficient diversity of thought and experience to avoid "groupthink" and develop innovative solutions
- ▶ Facilitate networking and social opportunities that involve activities and environments which make everyone feel welcome and comfortable
- ▶ Help to create a culture of diversity and inclusiveness that encourages both men and women to excel
- ▶ Consider critically where unconscious bias impacts your decisions about who to work with, who to hire, and how to network and collaborate

**"Look for more team management styles to make sure you have all areas covered. Make sure you have diversity, regardless of gender."**

Female senior executive,  
consumer products and retail, The Netherlands

**"We run a talent roundtable, where top talent is identified and then offered leadership development, with a focus on diverse candidates. This has helped attract, promote and retain women."**

Male senior executive,  
banking and capital markets, US

# 5. The progress disconnect

Different sectors agree on the value of diversity but are making uneven progress toward gender parity.

“It has become more of a priority to achieve gender diversity in this sector in Australia, and many companies are running programs to deliver this. There is also a greater recognition that to be truly customer-centric, we need greater gender balance.”

Male senior executive, banking and capital markets, Australia

“There has been some progress made but nowhere near what’s required. The bar was set so low that over five years the improvements have not been much – mostly token. We are seeing women in senior corporate services roles but not many in key operational roles.”

Female senior executive, power and utilities, Canada

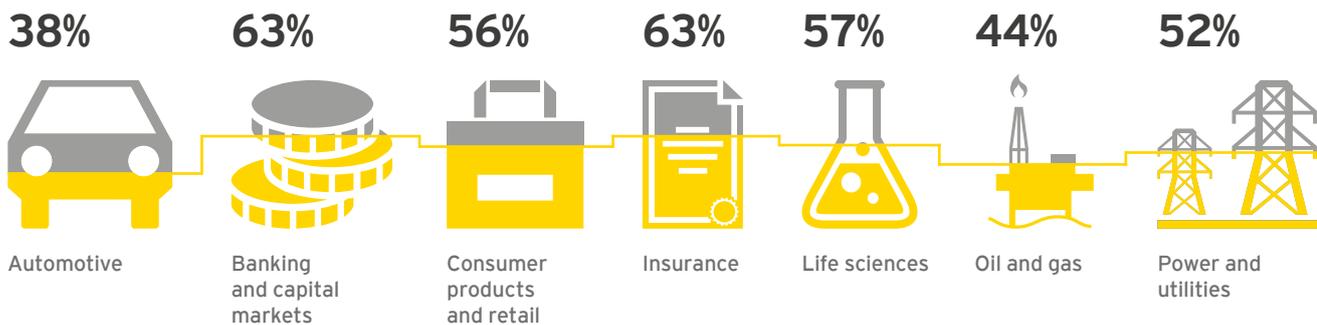
Think agreement on the value of diversity means sectors are making equal progress at achieving it?

Think again.

Across sectors, 92% to 100% of respondents believe that diversity of thought and experience will be the key to navigating the challenges of disruptive innovation.

But sectors differ when asked if they think their own leadership teams are sufficiently diverse in thought and leadership: 63% of respondents from banking and capital markets believe they could do more to bring greater diversity to their leadership teams, compared with 44% of senior executives in oil and gas.

Business leaders agree they do not have sufficient diversity of thought an experience within their leadership team



We also found pockets of good practice within industries and examples of organizations that are supporting positive intentions on diversity and inclusiveness with specific actions:

“I think that the automotive industry has lagged behind other industries, so we’re now looking at other industries that have flourished in terms of their share prices and profits as a result of having more females in the leadership team.”

Male senior executive, automotive, Australia

“We have been more proactive in raising insurance’s profile through working with universities and outreach programs to get young women into the industry. We promote flexibility in working conditions, and that helps make insurance attractive to women.”

Female senior executive, insurance, US

“Make diversity a priority. When hiring externally, we always have a woman on the short list. Internally, we encourage leaders to identify women during succession planning to make sure that diversity is considered.”

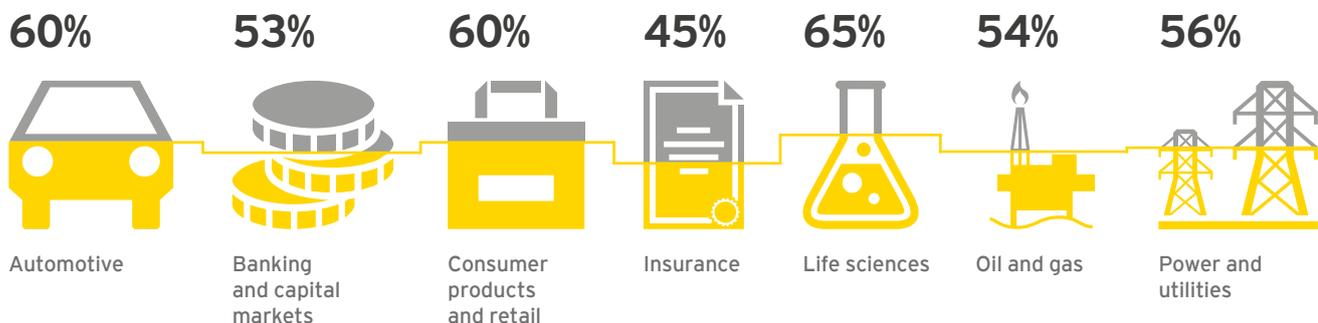
Male senior executive, consumer products and retail, Brazil

But this proactive approach is not consistent across businesses and across industries.



We found some stark differences in perceptions, actions and progress across sectors. For example, only 45% of insurance respondents say they are effective at promoting women to leadership, compared with 65% in life sciences.

How effective do business leaders think their organization has been at promoting women in the last five years?



## For the board

### Ask

- ▶ Is your sector adopting leading practice for gender diversity?
- ▶ How does your sector compare to others on gender diversity?
- ▶ What examples can you apply from sectors that are more gender diverse than yours?

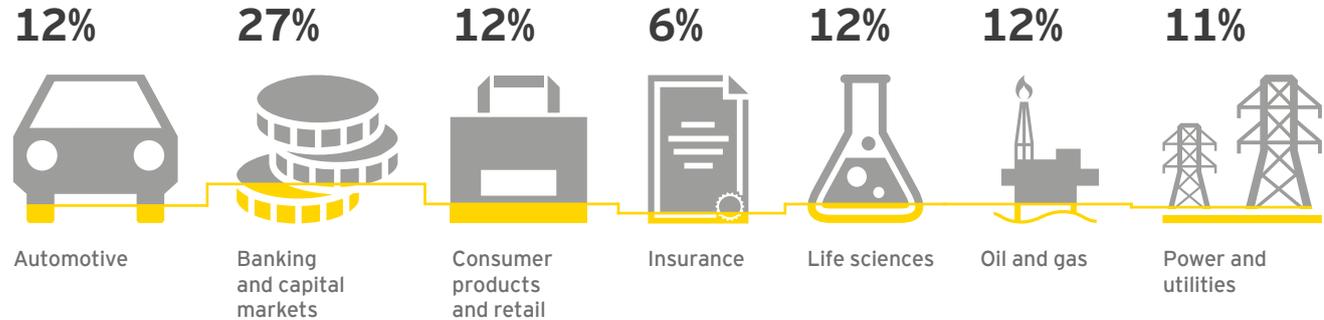
### Act

- ▶ Take a holistic, cross-sector view of what's possible and how to achieve it
- ▶ Adopt leading practices for achieving gender diversity, no matter where they originated
- ▶ Consider how you and your organization can play an active role in improving your industry's gender diversity

## What can be learned from banking and capital markets?

Of the sectors we researched, banking and capital markets was the clear leader in addressing the gender diversity challenge. Twenty-seven percent of banking respondents said they expect a significant increase in the proportion of women in senior leadership positions within the next five years – more than twice as much as any other industry.

Do you expect a significant increase in the number of women in leadership in the next five years?



What drives this focus on gender diversity in banking? For European respondents, it may be partly due to EU regulatory pressure, where the 2014 Capital Requirements Directive requires banks to set diversity targets and disclose plans for achieving targets.<sup>9</sup> But this is only part of the story. Other reasons for the industry's relative success include:

- ▶ **The banking industry recognizes that a problem exists.** Ninety-two percent of respondents in banking recognize that their organizations need to do more to attract, retain, and promote women to senior leadership – a proportion higher than any other industry.

- ▶ **The banking industry has a strong focus on structured, formal programs that identify and develop female talent.** A third of respondents said their organizations have some kind of formal program. That's four times higher than industries like insurance and power and utilities, where only 8% reported formal training programs.

- ▶ **The banking industry is also better than other industries at using formal metrics to measure progress.** Nearly 60% of banking respondents said their company uses formal metrics. Only 34% of respondents in the oil and gas industry said the same.

In summary, banking and capital markets recognizes it must do more to improve gender diversity, it has formal programs in place to support this, and it measures its progress. These are all practices that can be replicated by other sectors.

<sup>9</sup> [allenovery.com/publications/en-gb/lrrfs/uk/Pages/Corporate-governance-aspects-of-CRD-IV.aspx](http://allenovery.com/publications/en-gb/lrrfs/uk/Pages/Corporate-governance-aspects-of-CRD-IV.aspx)

# Closing the gender gap

**It's time for decisive action to deliver the diversity and innovation businesses need.**

## **Can we manage disruption without gender diversity?**

As business leaders brace for disruption, they are devising strategies to drive innovation and better business performance. To succeed, new approaches to gender diversity are needed, because research proves that these areas are closely linked.

The challenge before businesses now is to recruit the diverse teams needed to drive innovation today and create sustainable success in the long term. According to our survey, business leaders recognize this challenge and say they want to meet it, but five disconnects are still holding them back from achieving gender parity.

Closing the gender gap requires board members to step up and make hard-edged commitments, backed by meaningful and measurable actions, to deliver a legacy of a more diverse and inclusive workforce. It's time to ask:

- ▶ What impact will your leadership have on your organization's ability to navigate disruption?
- ▶ How will your actions today contribute to a more inclusive, profitable and successful organization tomorrow?

At EY, we are asking these same questions. We acknowledge that we are on our own journey and have more to do. As we work toward greater gender diversity, we

embrace the opportunity to engage with other businesses to create a truly diverse and inclusive workforce.

None of us can stop disruption from changing the industries in which we operate. Each of us can and must take steps now that will optimize our own organization's ability to successfully meet these disruptive trends. Making gender parity a reality must become a business priority.

**This is work that can, should and must begin today.**

**Think again.**

**Put gender on your agenda.**

## **Contacts**

**Alison Kay**  
Global Vice Chair, Industry  
akay@uk.ey.com

**Randy Miller**  
Global Sector Leader,  
Automotive and Transportation  
randall.miller@ey.com

**Liz Bingham, OBE**  
Partner, Ernst & Young LLP UK&I  
People Advisory Services,  
Diversity and Inclusiveness, Advisory  
lbingham@uk.ey.com

### About our *Disruption and Gender Diversity* series

This cross-sector report is part of a wider sector program on women in Industry. This program also includes reports on gender diversity within seven industries: automotive; consumer products and retail; financial services (banking and capital markets, and insurance); life sciences; oil and gas; and power and utilities. For more details on the wider program, please visit [ey.com/womeninindustry](http://ey.com/womeninindustry)

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### About our *Inspiring Women* series

We have interviewed inspirational women from a number of sectors to learn about their journey to leadership – how have they gotten there, what barriers have they overcome and what advice would they give their 20-year-old selves. Their insights and experiences reveal a diverse range of journeys and valuable learnings. For more details, please visit [ey.com/inspiringwomen](http://ey.com/inspiringwomen)

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### About *Women. Fast forward*

*Women. Fast forward* is EY's global platform designed to accelerate the achievement of gender parity in the workplace. By bringing together the experience, resources and knowledge of our professionals, networks and clients, EY aims to build a better working world for women and forge a lasting legacy of growth, increased prosperity and stronger communities throughout the world.

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### About EY's People Advisory Services

As the world continues to be affected by globalization, demographics, technology, innovation and regulation, organizations are under pressure to adapt quickly and build agile people cultures that respond to these disruptive forces. EY People Advisory Services believes a better working world is helping our

clients harness their people agenda – the right people, with the right capabilities, in the right place, for the right cost, doing the right things.

We work globally and collaborate to bring you professional teams to address complex issues relating to organization transformation, end-to-end employee life cycles, effective talent deployment and mobility, gaining value from evolving and virtual workforces, and the changing role of HR in support of business strategy. Our EY professionals ask better questions and work with clients to create holistic, innovative answers that deliver quality results.

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### Glossary: our definition of the board

Corporate governance structures are complex and vary across the world. Several countries have structures adapted in accordance with national regulations. Within our report, we refer to the board as the leadership team focused on running the day-to-day operations and assets of the business. We have tried to harmonize variations within corporate governance structures using the following broad definitions:

- ▶ **Board executives** (typically the CEO or chair): Board executives are the people responsible for day-to-day management of the company who have a seat on the board.
- ▶ **Senior management team (SMT)**: Senior management team is the executive management of the company, including the CEO, CFO and equivalent roles (designation varies from region to region with terms such as executive director and managing director commonly used). Typically, this group will comprise 5 to 10 individuals with ultimate responsibility for the day-to-day running of the company. We identify the SMT as an indicator of the utility's pipeline of future women leaders.

## EY | Assurance | Tax | Transactions | Advisory

### About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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