

## DIVERSITY & INCLUSION

# GENDER IMBALANCE IN INVESTMENT BANKING

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## SHORT-TERM FIX VS. LONG-TERM CHANGE



KATRINA ROBERTS  
[katrina.roberts@jdhaspel.com](mailto:katrina.roberts@jdhaspel.com)  
+44 (0)20 7367 0628

### INTRODUCTION

It has become a global initiative for banks to try to increase diversity and inclusion within the workplace, ensuring people of all genders and backgrounds have an equal chance of being both employed and promoted through their organisations. Whilst there is clear evidence that the industry is taking such issues more seriously than it did a decade ago, few, if any, have achieved what they set out to do.

As headhunters, we are expected to deliver 50/50 shortlists and focus very specifically on identifying female candidates, but does this meaningfully address the issue or is it simply a box-ticking exercise?

In 2016, we conducted a mapping exercise across the European investment banking divisions of 12 banks with a specific focus on women at Director and Managing Director level. We refreshed this data in January 2020 and found that the number of women has increased by less than 0.5% – a finding which shows the industry is failing to move the needle.

We therefore decided to conduct a survey of senior women in investment banking to understand what drives their career decisions, what challenges they face and how they believe current and future employers can make a meaningful difference.

Two key themes emerged: the unconscious bias that still exists around assessment processes and the historic gap between male and female parental leave policies.



JON SWANNELL  
[jonathan.swannell@jdhaspel.com](mailto:jonathan.swannell@jdhaspel.com)  
+44 (0)20 7367 0614

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## UNCONSCIOUS BIAS

### | Assessment


Both internal and external assessment processes are commonly perceived as unfair. They are riddled with presumptions about a woman's inability to commit to, and balance, a career in investment banking with her personal life. Some still have the mindset that hiring a woman would be a compromise on quality.

Assessment processes, whether for hires or promotions, have also been criticised for narrow-mindedly rejecting candidates based on being unable to fit them into a pre-defined box.

Strict criteria such as delivering year-on-year revenue targets cannot be achieved by people who have taken extended periods of time out of the office, but does that necessarily affect their ability to become a successful MD, given past performance and future potential?



I often see female candidates debated for longer than males during assessment, when it is clear the female is an excellent and better candidate.

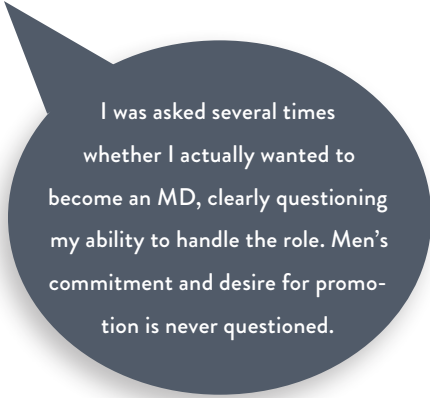


At an MD offsite, the CEO explained his plan to hire more women in 2020 but within seconds assured everyone that this did not mean the firm would lower its standards.

Similarly, promotion requires individuals to build relationships with senior sponsors. However, women are typically less forthcoming, tending to wait for reward rather than asking for it. In contrast, men are generally more naturally equipped with alpha characteristics to request, urge or insist on promotion.

A potential solution could be for banks to collate information during interviews around what skills and experience the candidate can bring to the role or the organisation, and make room for such talent rather than judging them on whether they fit into a specific box. This in itself would require banks to improve internal mobility, a valued factor which speaks volumes about a firm's culture.

Over 90% of sources emphasised the need for gender-balanced interview panels to provide a more accurate and relevant view on firm and team culture. This would help banks to avoid hiring and promoting in their own image. Such unconscious bias only replicates team strengths and compounds weaknesses, as well as further perpetuating the gender imbalance we currently see at senior levels.



I was asked several times whether I actually wanted to become an MD, clearly questioning my ability to handle the role. Men's commitment and desire for promotion is never questioned.


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## | Flexibility

In recent years, companies have offered increased opportunities for flexible working, however, in many cases there remains a perception that it is women who take up these offers more regularly and are judged negatively for it.

In order to change this perception, it is essential that both genders work flexibly as stigmas are more successfully challenged by the majority group. For example, UBS introduced 'Take Two' in 2016, an initiative which encourages bankers to take at least two hours of personal time a week. It has been successful in freeing up time for family events or personal activities without any stigma, and means both genders can carve flexibility into their working day.

More open discussions around flexible working will help colleagues and clients learn that it is normal and acceptable to work flexibly without judgement or impact on productivity (assuming the practice is not abused). There should also be more honesty around the subject. For instance, one of our clients encourages senior men to lead by example with the concept of 'leaving loudly'. Telling clients and colleagues that you cannot make a 6pm call because you are bathing the kids rather than 'in a meeting' ought to humanise and strengthen relationships in many cases.




I definitely feel I have the ability to come and go when I need to, but I still feel the guilt and judgement for doing so. It ultimately means banks haven't yet managed to rid the unconscious bias which currently favours the candidate who can work traditional hours over the one who can't.

## PARENTAL LEAVE

We are already seeing significant changes to parental leave policies which many believe will make a meaningful difference to gender balance at a senior level over time. Shared parental leave has existed in several Nordic countries for years and they have some of the best gender statistics and work-life balance in the world.

Historically, there has been a huge disparity between maternity and paternity leave which has proved to be an inflection point in the careers of many men versus women. Offering 2 weeks' leave for men and 6-12 months for women, often at a critical point in their career development, means that it has become ingrained in culture for men to focus on their careers and women to focus on the family.



During interviews, I must be convinced I am joining an accepting and emotionally intelligent team with empathy and trust. Ideally, male team members will have families, or better still – be married to a woman who works full time.

We spend our maternity leave checking in with clients to reduce the risk of losing our accounts to whoever covers them while we're away. Upon returning to work, we are then penalised for a track record that doesn't stack up against the men."

Many organisations have now adopted paid, shared parental leave and have been surprised by the take up from male employees. By creating this equality, they level the playing field for people's career paths, and drive a change in thinking towards managing both work and personal life.

It is not a short-term fix but it will be the biggest single contributor to addressing gender balance in the long term.

We have also seen some very positive statements recently regarding the hiring of women who are pregnant at the time of interview. In the past 12 months, several US banks have hired senior women who have taken maternity leave either before or immediately after their start date. This clearly involves waiving traditional eligibility criteria for maternity benefits but also, more importantly, highlights that they are hiring the best person for the job and are prepared to take the longer-term view on their value to the organisation.

## CONCLUSION

Banks must realise that simply focusing on hiring senior women in the short term will not have a long-term impact. You can be successful in isolation but focusing on numbers in the short term is not enough, and formalising them via quotas cannot force the issue.

Instead, banks have to believe in changing culture and create an environment that promotes genuine balance between men and women. They must encourage employees to champion shared policies, adapt attitudes towards modern culture and working practices, and promote the positive values and characteristics that women bring to an organisation.

This will move the needle in the medium to long term and go a long way towards addressing the issue by attracting, retaining and promoting the next generation of female talent, and making the firms that get it right more attractive employers.

