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Let's break the mould, let's shake the world: Why women cannot advance in professional roles in finance

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Introduction

Finance is an area still dominated by men, despite figures indicating the opposite. This study investigated why women would work in investment banking (IB), but not progress into professional roles. Eighteen female employees in three banks in London were interviewed, to explore how gender diversity could be tackled within the sector. The research revealed that senior management/leadership teams (SM/LTs) avoid hiring women as managers because they have to ‘interrupt’ their careers due to maternity and are often unable to reconcile their family commitments with the long working hours required. The study offers recommendations for HR managers and SM/LTs in the finance sector.

Background

The literature on women in finance reveals that women are underrepresented, as male investment bankers tend to maintain the status quo (CFA, 2016). In Europe, women represent just 18% of all CFA members. Research indicates that women can be more risk-averse and avoid entering competitive professions (‘self-selection’, see Niederle and Vesterlund, 2007).

Taking into consideration the focus on equity, diversity and inclusion (EDI), which has been further supported by the gender pay gap legislation in the UK, investors avoid companies with large gender pay gaps; this should encourage these companies to take positive action as they would also want to attract talent (CIPD, 2019). Croxson et al (2019) reported only 17% of positions were held by women. Attempts to understand the underrepresentation of females in these roles are in their infancy and the current study looks to explore female employees’ experiences in investment banking (IB) and identify the barriers which prevent them from entry/progression within investment banking management (IBM).

Despite considerable research exploring the inequalities women in finance face, very few studies use qualitative methods to explore the experiences of women working within the sector (Hall, 2013; Neck, 2015; Pryce and Sealy, 2013). Moreover, although SM/LTs within the industry have hired young female graduates and invested in their development into senior executive positions, there are still obstacles (real and perceived) challenging women at present (Hewlett, 2002). This study therefore aims to address the following research questions:

- Why do women face barriers in terms of their career advancement in IB in the UK?
- What are the barriers female investment managers face in terms of their career advancement in IB in the UK?

Research methods

Using the theories of gender performativity (Sheerin and Linehan, 2018), social closure theory (Weber, 1922) and hegemonic masculinity (Hearn and Morgan, 2014), the researcher depicted female employees’ challenges in their career progression to professional roles in IB. This study utilised an exploratory multiple case study design to explore a particular contemporary phenomenon within its real-life context (Saunders et al, 2016). The main aim of this case study was to build theory to answer its ‘why’ question (Yin, 2011), as theory-building requires rich description - “richness that comes from anecdote” (Shah and Corley, 2006, p89). For this study, the interviews were conducted via video call due to the COVID-19 pandemic. The study utilised opportunity and snowball sampling processes, and the participants signed an informed consent form that promised their anonymity. All data was analysed using thematic analysis (Braun and Clarke, 2012).

Research findings

Drawing on feminist theory and the social closure theory (Weber, 1922), this study revealed professional women's challenges in terms of their career advancement in IB. Women are still perceived as inferior, since customers still have a male investor in a suit in mind when thinking about finance (Tatlow, 2018). The participants indicated that gender stereotyping still affects progression into IB (von Hippel et al, 2015) and believed that promoting more women as managers may change the perception of women as not viable investment professionals.

Female professionals indicated that they had to avoid talking about their families and even hide their femininity to increase their prestige in IB (Sheerin and Linehan, 2018). They also referred to the so-called 'boys' club' as one of the barriers to advancement in the IB profession, as men have more direct access to key positions (Cooper et al, 2021). All participants indicated that being a caregiver was the most significant barrier for female IB managers' retention in professional roles. Not being able to take any kind of leave is a significant challenge for women who want to become mothers (Lee and Slater, 2007).

Flexible working was also a prohibited word in this industry up to the COVID-19 pandemic, which arguably changed things in this industry. Participants highlighted the societal expectation that regards women as primarily responsible for caregiving, characterising them as unfit mothers if they need to prioritise their careers at some point. The interviewees also reported increasing pressure for outsourcing their family responsibilities to increase their availability at work, as the sector does not consider their family responsibilities and personal wellbeing (Neck, 2015).

Implications for practice

Participants of this study indicated that the only way forward is for women to predominantly rely on themselves and on supportive female networks as the main instruments for transformational change, with the aim of reversing the male IBM stereotype by showing that women can work equally hard and have high aspirations. They also highlight the need for a major cultural change within their workplace that will provide viable solutions to issues such as caregiving and flexible working. SM/LTs need to ensure that, first of all, there are female IB managers in their SM/LTs who can act as role models and support aspiring female employees by providing coaching and mentoring.

The banking sector should also take a no-tolerance approach for any kind of discrimination that aspiring female IB managers may face. Management practices need to be fair and inclusive and support women when they have to carry the heavy burden of caregiving. Banks should consider offering flexible jobs even to managers and set realistic goals for improvement in terms of increasing diversity in their SM/LTs. Parental leave should also be provided to both male and female employees, who should not feel intimidated about asking for the leave for fear of a direct negative impact on their career prospects.

HR managers and SM/LTs need to be more inclusive by addressing preconceptions and stereotypes that favour men over women as IB managers and track the progress made in promoting diversity at higher levels in their organisations. Comprehensive, organisation-specific programmes that address breaking down structural, organisational, and cultural barriers are crucial. IB organisations urgently need to set themselves targets to expand female representation in SM/LTs, supporting active outreach and recruitment as well as promotion of women in IB managers' roles. The issue of gender imbalance at senior leadership levels will not be solved with a 'fix the women' approach. HR managers responsible for the development of their people need to understand that to achieve

gender balance at senior levels, processes and procedures should be designed to disrupt rather than reinforce the habitus. Therefore, SM/LTs and HR managers need to be both imaginative and bold.

To support aspiring female IB managers, several measures should be implemented, reviewed, and measured for their effectiveness on a periodic basis. Participants suggested adapting flexible working policies to increase remote working across the business and facilitate retention of females after maternity leave. COVID-19 has allowed employees to be productive while being physically absent, eliminating the stigma around remote working and encouraging a better work-life balance and personal wellbeing. Hopefully this will make IBM positions more attractive to female managers who have family responsibilities. The presence of a diversity and inclusion coordinator may also facilitate the creation of formal channels for EDI initiatives and ensure the effectiveness of the measures taken by considering the feedback provided. Finally, there is a need for an EDI strategy that will align with the overall business objectives. This needs to be communicated effectively throughout the business with clear success metrics to ensure sustainability.

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