

WOMEN IN THE PUBLIC SECTOR

AHEAD OF THE CURVE BUT ROOM FOR IMPROVEMENT

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In financial services, women do better in public sector institutions, including central banks and regulators, than in the private sector. In 20 out of the 32 countries analyzed in the report, the percentage of Executive Committee (ExCo) positions occupied by women is higher in public sector institutions. With a few notable exceptions, the countries where the private sector outperforms are those where women are (almost) completely unrepresented on public sector ExCos (see Exhibit 1). Overall, the percentage of ExCo positions held by women in the public sector is 22 percent, compared to only 15 percent in the private sector.

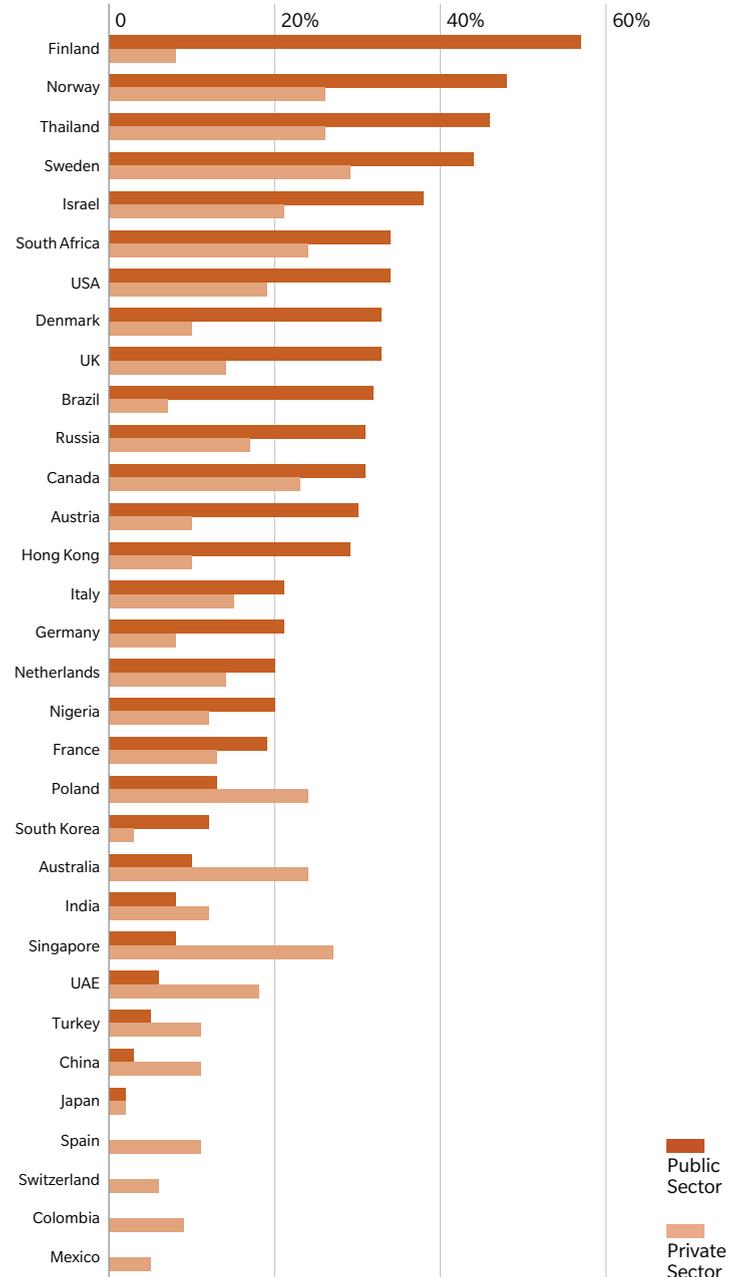
“There is a moral imperative in the public sector that drives institutions to reflect the country that they serve, and improve diversity at all levels of the organization. At the Bank of England, we actively promote diversity through a variety of initiatives, which, in addition to setting ourselves challenging targets, have made a real difference. But there is no ‘silver bullet’ to increase diversity that works for all”

Charlotte Hogg, COO, Bank of England

“In my nearly 30 years of experience, I have learned that it is most efficient for an organization to have diversity of gender and age in its human resources. Such organizations typically perform better than more homogeneous ones”

Stanislava Zadavec Capriolo, Vice Governor at the Bank of Slovenia

EXHIBIT 1: EXCO POSITIONS IN FINANCIAL SERVICES ORGANIZATIONS HELD BY WOMEN: PUBLIC SECTOR VS. PRIVATE SECTOR¹



Source: Oliver Wyman analysis of organizational disclosures

¹ Structures of public sector organizations in our sample from Mexico, Poland, and Russia means data corresponds to BoD representation

What explains this consistent difference? Why is gender imbalance less pronounced in the public sector than in the private sector?

There is no shortage of candidate answers, most of which point to a better fit between the stereotypical or perceived preferences of women and the employment conditions in the public sector:

“Women value the greater job security and better work-life balance and more flexible working conditions commonly offered by public sector employers.”

“Women are more likely to be part of a two-income family than their male executive colleagues and, therefore, less motivated by the higher incomes available in the private sector.”

“Women are often less comfortable with the aggressive cultures of financial services firms in the private sector.”

“Women are more altruistic and drawn to the public service element of public sector work.”

“Women are drawn to jobs where they can directly apply a qualification – being an economist, a lawyer, or an accountant – of which there are more in the public sector, given its focus on supervisory functions rather than deal making, sales, and management.”

“Public sector institutions often offer more amenities for women, including on-site child care.”

Finally, the simple fact that public sector firms already employ more women creates a female-friendly culture, natural sponsorship for junior female employees, and better opportunities for women to progress in their careers.

There is truth in all of the above, and as more data is collected and analyzed, we will be able to attribute greater explanatory power to each and understand nuances for different country or cultural settings. Many of the women we interviewed said that their preference for the public sector comes from a combination of the social purpose, security, opportunities, support, and culture it offers. The work-life balance offered by public sector organizations is also an important factor for many women who already have families or plan to start one.

“The public sector has strengths in being very meritocratic. Relationships and networks are valuable but importance is placed on technical skills that are assessed through objective ‘tests/exams’ that do not differentiate by gender”

Belen Romana, Board Member, Santander

“Many women chose the public sector because it is perceived as more transparent, objective, and meritocratic: If you are good, you pass the public examination and you advance in your career. Also, women tend to drive their career choices by practical considerations (stability, economic independence), and from this perspective, the public sector is perceived as a ‘safe harbor”

Valeria Sannucci, Deputy Governor of the Bank of Italy

“You’re not joining a financial services institution, you’re joining a well-regarded public sector institution. There is better work-life balance and tools that facilitate combining high pressure and meaningful work with a family life. For example, we support flexible working even at senior levels”

Yannick Cox, Head of Division, Supervision at the Bank of England

HOW CAN THE PUBLIC SECTOR GET EVEN BETTER?

Gender balance may be better in the public sector than the private sector, but it is still far from 50:50 in most countries. In only four of the 32-country sample do women occupy more than 40 percent of ExCo positions. In most countries, they occupy less than 30 percent.

Respondents attribute this to a number of things, including the persistence of some aggressive cultural norms in the financial services industry, inflexible working models, greater demand on public sector employees to produce more with less, and the fact that increasing gender balance has become a priority only recently. Even where the value of diversity has been recognized, it takes time to develop people capable of excelling in senior roles.

“You need a sufficient amount of senior managers who are female in the pipeline to have some promoted to the top level. Now, the Commission is making a conscious effort to build the pipeline of candidates to be able to create a balance of female leaders at the highest level”

Anna Jarosz-Friis, Head of Unit, Task Force Financial Crisis, European Commission DG COMP

“It’s important to encourage women to have more of a risk appetite to take chances and put themselves forward for advancement; there is a tendency to concentrate on what you can’t do rather than what you can do. What I have found successful is encouraging women to act into or cover a senior role so they have more confidence to apply on a permanent basis”

Charlotte Gerken, Director Supervisory Risk Specialists, PRA

Of greatest importance is preserving the features that now make public sector employment attractive to women. Many of our interviewees fear the public sector is shifting toward a more private sector mentality, with longer working hours, reduced flexibility in career paths, and a deteriorating working culture. What’s needed is the exact opposite. Public sector workplaces should become even more family-friendly, with quality on-site child care and the greatest possible flexibility regarding hours and location of work.

“Organizations need to embrace the pioneers who are willing to trial new flexible working styles and highlight those opportunities. Until you start visibly supporting and rewarding these pioneering leaders, you’ll never really embed new cultures”

Joanna Hill, Director – Market Intelligence, Data and Analysis Division, Financial Conduct Authority

“One of key things that the sector can do to support women is to provide child-care infrastructure, and this is especially true in Italy, where the infrastructure is often very limited”

Maria Cannata, Director General, Public Debt, Treasury Department, Italian Ministry of Economy & Finance

Many suggested that diversity would be promoted by reporting on gender mixes at all levels of the organization. Where diversity is poor, management should be required to formulate a credible plan to close the gap within a specified time.

Communication is also important. Like financial services firms in the private sector, public sector bodies must take the time to understand and advertise the benefits of increased diversity in their management and other staff. The reputation of the financial institutions – both private and public – has been damaged by the financial crisis. It will be a benefit for them to be seen as pursuing a better balance between the two genders, especially given the widespread belief that the crisis was the result of excessive testosterone in the financial industry.

“Especially in an industry that is having a hard time, there is an opportunity to lead the way and be exemplary. There are many opportunities for the sector to reconnect with the public and I really hope that in the next five years we see a big change”

**Joanne Kellermann, Member of the Board,
Single Resolution Board**

The most direct way to promote gender balance in the leadership of public sector financial institutions, however, is to promote women – literally. As noted, this requires a pipeline of talented women who can fill senior roles. Developing this pipeline should be a priority for current senior leaders. Then women must apply for senior positions, which can sometimes require nudging, a role best played by internal mentors assigned to promising staff.

WHAT CAN THE PRIVATE SECTOR LEARN?

The private sector can, and should, learn directly from these examples and begin to meaningfully adopt these things if they hope to fulfil their publicly stated targets to increase gender balance. Carefully putting in place things like flexible working, high-quality child care, secure maternity and encouraged paternity leave and returnship program, to name just a few examples, could start to stem the flow of qualified women from the financial services private sector. Understanding that drivers of private sector success are different from those of the public sector (and that not all things are feasible), if the private sector is serious about increasing female participation, they have a few tested models that are already proving successful.

Public sector organizations are not always known for being ahead of the private sector in their business practices. But when it comes to gender balance in the financial services, they are well ahead of the curve. And, with the right measures, they can continue to lead the way.