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Visier Insights™ Report:
Cracks in the Glass Ceiling



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Executive Summary

The United Nations calls gender equality the unfinished business of our time¹. Besides being a fundamental human right, it is critical to achieve peaceful societies, with full human potential and sustainable development. Empowering women spurs economic growth, productivity, innovation, and trust.

Positive movement towards equality is happening. In early 2020, our report Visier Value: People Analytics Improves Female Leadership Ratio², showed that organizations using people analytics for at least two years had improved their female leadership retention by 3.7% and the female to male ratio by 4%.

We've continued to mine our Visier Insights database to understand the dynamics of gender replacement during hiring and internal movement, and how these activities contribute to moving towards equitable female representation in leadership and management ranks.

Important new findings reveal two contrasting realities at organizations:

- In upper management, women are much less likely to succeed a male than men are to succeed a female
- In lower management, females are replacing males at higher rates

Brief note on methodology and measurement

This report focuses on the movement of men and women into management roles at Visier customer organizations. For analyzing the executive level, we had 19 organizations with movement from external hiring, internal hiring and promotions. When analyzing all manager roles (all levels), we had 44 organizations. These 19 to 44 organizations employed 257,860 to 463,699 employees. More information is available in this report's Appendix.

Key Findings

Women are much less likely to succeed a male in an upper management role than men are to succeed a female.

In exploring replacement patterns (Figure 1), the data unfortunately shows that men usually fill vacant senior management roles previously held by either a man or woman.

However, there is encouraging movement: For all manager populations, there is statistical evidence that females are moving upwards in replacing males, indicating upcoming cracks in the glass ceiling.

We equate Visier's L3 level (successor pool) as a combination of the Vice President and Senior Manager/Director levels reported by McKinsey⁴, who report female leadership is between 30% and 34%, taking into account both white women and women of color.

Gender Ratio of Hires/Movement by Replacee Gender

Types of Hires/Moves: All Internal & External. Type of Position: All Employee Types, Managers, L3+. Number of Organizations = 19

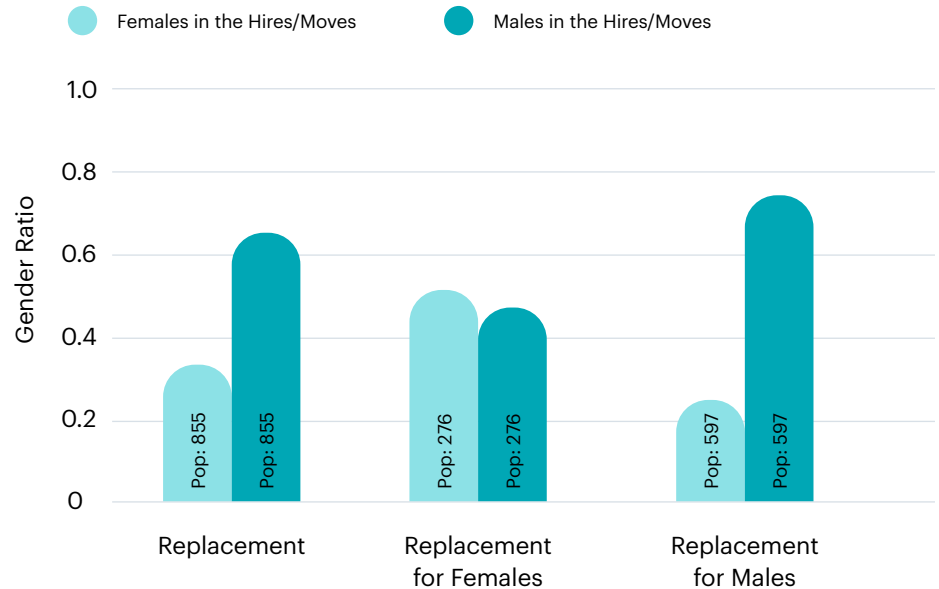


Figure 1 Males often replace men and women in upper management roles across all time ranges from one to two years and up to ten years

The data shows:

- In 19 organizations, 276 women left their L3+ manager positions. Of them, 52% were replaced by women, 48% were replaced by men. This difference is not statistically significant.
- In the same organizations, 579 men left their L3+ manager positions. Of them, 75% were replaced by men, 25% were replaced by women. This difference is highly significant.

In comparing the data to other benchmarks, the state of male and female representation at upper levels varies by research source, and by just what levels are included. According to Catalyst³, at the end of 2019, 29% of all senior management roles, globally, are fulfilled by women. On the other hand, McKinsey shows that males are 66% of the top three levels of leadership roles.

While our key finding shows some progress towards gender equality, true progress means women shouldn't only be replacing other women in leadership roles—we need to see an increase in women replacing males in upper management as well. Suggestions for improvement are found in a later section of this report.

Females are more frequently replacing males in lower manager levels.

Promisingly, the replacement stance is different when looking at lower manager levels. One key sign of change comes from looking at all managers regardless of level. Here, we compare the state of replacees in the current year to the past three years to show trends.

Overall, at the manager level, females at the beginning of March 2020 have replaced males and females at higher rates than in 2016, 2017, and 2018, 2019. The key difference is that females are replacing males at a higher rate as shown in the fifth and sixth bars in Figure 2.

According to data from between 2017 through 2019 and March 2020 through June 2020 replacement for males section:

Gender Ratio of Hires/Movement by Replacee Gender

Types of Hires/Moves: All Internal & External. Type of Position: All Employee Types, Managers, All levels. Number of Organizations = 44

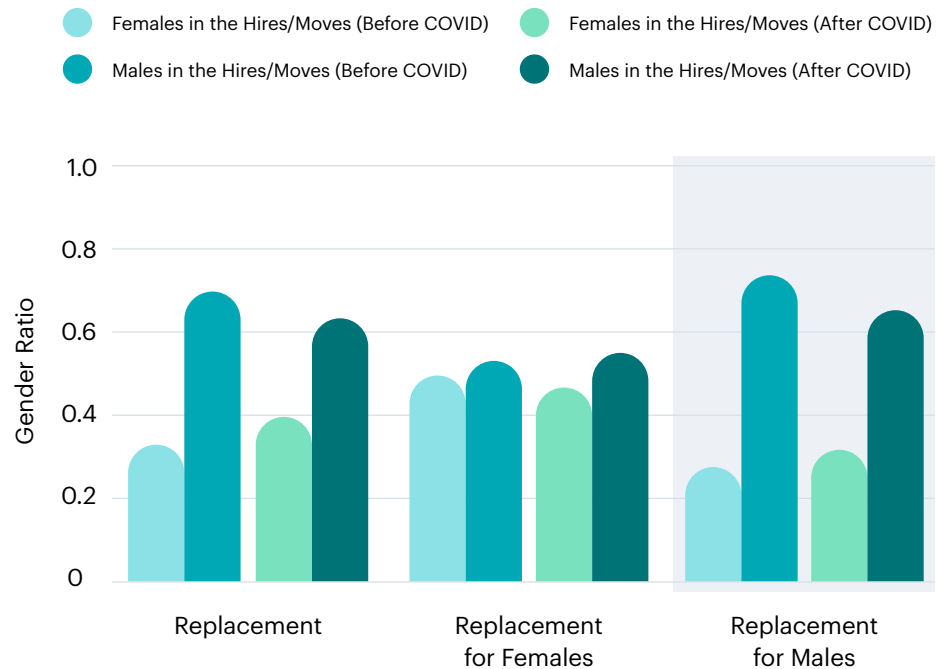


Figure 2 Females more often replace male managers in 2020, compared to 2016-2019

- In the 2017-2019 period, 8,109 men left their manager positions. Of them, 28% were replaced by women, 72% were replaced by men.
- In the period March-June 2020, 656 men left their manager positions. Of them, 35% were replaced by women, 65% were replaced by men.
- The percentage of females replacing males increased by 25%, which is a significant change.



3 ways to take action and break the glass ceiling

To reap the rewards of improving female equality, organizations need to approach improvement⁵ as they would any business imperative. This starts with the CEO owning the agenda and visibly leading it. Without this commitment, progress comes more slowly.

In fact, a passive approach to improving diversity is guaranteed to fail. BCG's recent research⁶ on gender diversity shows that 91% of companies have a program in place, yet only 27% of women say they have actually benefited from it.

There are three tangible steps that can be taken—based on data—to ultimately convince the CEO to own the agenda and promote organization-wide commitment.

1. Create a comprehensive D&I strategy supported with data

Improving female equality requires assessing the starting point, benchmarking, establishing goals, and creating a roadmap with milestones and clear accountability. Through all these steps, data is critical to avoid guessing and make a case for change:

- **Start with the basics.** What is the representation of females across the organization? What is it for leadership levels and lower management levels? What is the overall female-to-male ratio across the organization? Go one step further and measure this for both white and diverse groups. Intersectionality also matters. From all of this, you can set your baseline to understand where you are starting from as a critical component to improving female representation and moving towards equality.
- **Get context by comparing your representation to benchmarks.** Visier provides multiple benchmarks, including EEOC data that shows how you compare against the market of labor you're hiring from. This comparison may also show unknown areas of bias within your organization.
- **Identify root causes, then identify areas of bias.** The lifecycle of an employee can be quite complex and ultimately, you will want to get quite granular to impact activities across the employee lifecycle (see: next action). Dig deeper into these numbers to identify what biases exist in your processes that are preventing gender equality in all stages from hire to retire.
- **Focus on bottlenecks.** Mercer⁷ suggests looking for the presence of “choke points” or bottlenecks where rates of advancement into a higher level shrink precipitously, affecting one gender such as where promotion rates for women fall below those for men.
- **Watch for demographic cuts where numbers are off.** Instead of generalizing the need to improve across the organization, be precise about what the problems are and where they lie. This enables HR to be more efficient about their support. Challenge leaders with precision⁸.
- **Have data-driven career conversations.** Then map these back to strategic workforce planning and career planning activities to identify where high potential women need to build skills to meet both organizational and individual needs.
- **Share insights.** Create change by sharing data, ideally publicly, to create more accountability (here's an example of one organization's public statement⁹). But you can also start with internally sharing data to give visibility and make equality improvement a shared problem before taking insights public.
- **Review changes over time.** To see whether your strategies worked, track your historical data and keep an eye on downward trends that may need attention. Drill down deeper into the data by location, department, or job. Your overall metrics may actually be good, but when you look by any other dimension you may find pockets of problems where equality is lacking.

2. Apply data across the employee lifecycle

Improving D&I at your organization must be scrutinized with data and analytics across the entire employee lifecycle, which from the organization's perspective is made up of the broad stages of attract, develop, and retain. Here are key questions to answer with analytics at each stage:

Attract

- Which recruiting sources are attracting potential female hires? Are you getting enough to meet hiring goals? Do you need to work with universities or other feeder organizations to enhance the numbers of female graduates who can be potential job candidates?
- Where do females drop out of the hiring funnel? Is your hiring manager slate that interviews candidates representative of the goals you aspire to? Are there enough women? Enough women of color?

Develop

- Is training accessible to all females and males equally?
- Are performance reviews conducted fairly without bias?
- Do diverse workers have the same opportunities for career development, mentoring, and sponsorship?
- Is there bias in promotions? Do females get promoted in the same length of time as males?
- Is your succession planning process biased against females¹⁰? Are hidden talent and key influencers identified, perhaps using organizational network analysis? Will the succession planning slate get you to the goals you have year over year? As with your hiring slates, is your review board made up of a diverse and gender-balanced board?

- Do you engage in skill gap analysis in your future of work planning? Is there an opportunity to explore gender variations with an eye towards ensuring equitably addressing skill gaps?
- Do you have a way to identify hidden talent, influencers and key connectors that may be effective leaders? For this you may need to leverage organizational network analysis¹¹.

Retain

- Does your organization have a turnover problem among females more than with males? Are there problems concentrated anywhere?
- What are the drivers of females leaving the organization? Are they leaving at a particular management level?
- Is your organization creating female equity at all levels of management including the top leadership levels?
- Are females engaged? Do they feel included?
- Are females participating in key meetings and networks where critical business decisions are being made. Can they really make a difference where it can count¹²?
- Are females paid equitably? What is the cost of addressing that inequity?

3. Hold yourself accountable for breaking barriers

Every individual needs to be accountable for creating their own future. Here are some ways to accomplish this:

Where you work matters. Ask yourself whether the leaders where you work are actually held accountable for meeting their D&I goals.

Be proactive in getting your own coach, mentor, champion, and supporters. While some organizations work to provide one or more of these roles to support underrepresented individuals, ultimately, it falls on you to ensure you get the help you need to progress in your career.

Mindset matters. Females need to believe they can succeed. For every anecdote where we know this is true, those women have incredible personal confidence.

Be clear about what matters to you. Studies on the value women bring to organizations include that they are good at building trust, collaboration, and being empathetic¹³. If these traits are important to you, stick to them.

If you are a manager, track and improve your metrics. Metrics that track your department's D&I in some firms will impact your compensation and career advancement. As such, these metrics serve not only a corporate initiative but a personal development one as well.

Why gender diversity should be an area of focus

The findings in this report show promising evidence that organizations are moving towards equitable representation for females within the organization, especially as the glass ceiling begins to break at upper levels of management. Some recent highlights stand out such as the newly appointed Citi CEO¹⁴ and a female CEO in Washington state¹⁵ leading her company to an IPO.

Gender equality in leadership must continue to be a priority for organizations. Multiple research sources show that those with high female leadership ratios outperform, which is particularly needed in the wake of COVID-19 and the uncertain economy ahead:

Catalyst¹⁶ found that companies with a higher percentage of women in executive positions had 35% higher Return on Equity and a 34% higher Total Return to Shareholders compared to those that don't.

Nordea¹⁷ research analyzed close to 11,000 publicly-traded global organizations and concluded that companies with a female CEO or chairperson of the board of directors had averaged a 25% annualized return since 2009—more than double the 11% that the MSCI World Index delivered. Given this result came out a year after the 2008 financial crisis, having more female leaders may help a company coming out of a recession. As such, there is a case to hire, promote, and develop more females into leadership positions in a post-COVID-19 world.

2020 research from McKinsey¹⁸ echoes this: Companies in the top quartile for gender diversity on executive teams were 25% more likely to have above-average profitability than companies in the fourth quartile. This report concludes that creating an effective D&I strategy is not easy and requires strong, sustained, and inclusive leadership and it's well worth it.



Conclusion

What contributes to improving female equality in management? CEO commitment to leading a female equality improvement agenda, a comprehensive data-supported strategy (including monitoring and publicizing the status of your efforts), specific attention on removing bias from all aspects of the employee lifecycle, and individuals stepping up to take personal responsibility for advancement. These are all important actions needed to see more women in leadership roles.

Data plays a powerful role in improving gender equality. Ideally, it should be accessible for everyone in the organization to review and speak from. Change happens when we all take responsibility to accomplish what we want.

Organizations that financially outperform have leaders that are people-oriented, empathetic, focused on collaboration, and teamwork, build trust, and create innovation—all characteristics that female leaders are known to deliver¹⁹.

Appendix

Methodology

A pre-built cloud solution for people analytics, Visier provides workforce insights to many of the world's best brands—and does so by hosting their workforce data (collected from each company's many disparate HR and business systems) in Visier's virtual Big Data warehouse. This allows Visier to analyze this data in aggregate, creating an unmatched opportunity to uncover new insights not possible in the market before, and to establish uniquely relevant and specific benchmarks—Visier Benchmarks.

At the core of this is Visier's unique database of anonymized, standardized workforce data. For this Visier Insights report on the replacement patterns of men and women in management, we analyzed a subset of Visier's customer database, which included 44 large enterprise companies representing over 463,699 employees. The dataset for the senior management replacement measurements were limited to 19 of the 44 organizations, with a total over 257,860 employees, because the number of replacements for the excluded organizations were insufficient to meet Visier's privacy standards.

Companies included in this report represent a wide range of industries, including Healthcare, Technology, Retail, Wholesale, Transportation, Warehousing, Utilities, Financial Services and Insurance, Energy and Manufacturing.

For each of the included companies, we ensured a high degree of confidence in both data availability and quality for the topics and time period covered by the report. In performing our data analysis, for each question we asked (for example, What is the gender replacing leaders or managers?), the answers came from an anonymized and aggregated view across all customers included. We then ensured that, for each of the presented data points, no single company was overrepresented and could skew the final value.

Data security and privacy

- Data security and privacy is Visier's top priority—learn more at trust.visier.com.
- Visier customers have agreed to have their data aggregated and used anonymously for this purpose.
- When using customer data, Visier aggregates employee data across customers, restricting the data collected in such a way that the data is anonymous.
- At no time is personal identifying information for employees in the databases included—Visier's security technology prevents this data from being queried.

Endnotes

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About Visier

Visier's purpose is to help people see the truth and create a better future, now.

Visier was founded to focus on what matters to business people: answering the right questions, even the ones a person might not know to ask. Questions that shape business strategy, provide the impetus for taking action, and drive better business results.

Visier delivers fast, clear people insight by using all the available people data—regardless of source. With best-practice expertise built-in, decision-makers can confidently take action. Thanks to our amazing customers, Visier is the market leader in Workforce Analytics with 5,000 customers in 75 countries around the world.

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