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Acknowledgements References

Foreword



uch has been written about the importance of leadership in driving change on diversity and inclusion – but until now there has been relatively little insight into the specific contribution of the CEO. So when I met Dr. Elisabeth Kelan I jumped at the chance to sponsor the publication of this original research into how CEOs talk about gender parity. As a relatively new CEO, I hoped it would give me and others in leadership roles some fresh insight into what we might say or do that would contribute to real and lasting change on diversity and inclusion in our organisations.

I'm under no illusions here – something needs to change if we are to make better progress on diversity, not just in KPMG but across business as a whole. In our UK firm, barely 14 percent of our partners are women, whilst globally this figure stands at 17 percent. KPMG is not alone; figures like ours are echoed right across professional services and the corporate world. Despite years of debate and action – and increasing evidence of the commercial benefits of greater diversity to employees, clients and the communities in which we work – the pace of change has remained depressingly slow.

Dr. Kelan's research analyses how CEOs perceive the challenges of working towards greater gender parity, how they explain the need for action on gender to themselves and to others and the kinds of leadership behaviours which will help make change happen.

Like the CEOs in this study, I'm absolutely convinced by the business case for diversity as I know are many other leaders. But my first take-away from Dr. Kelan's research is that perhaps as CEOs we over-rely on the evidence of the business case to motivate our people to take action. The CEOs in this report reveal what we already know - that our most successful efforts to mobilise our people to take action happen when we speak from the heart, about our personal motivation for change, underpinned by sound commercial sense. My own motivation for this change comes from a passion to build a workplace where everyone can be their true selves - black, white, gay, straight, bipolar, hindu or obsessive Chelsea fan - these are all things that make us who we are, and suppressing any aspect is bad for people and bad for business. I want us to get to genuine diversity so that it no

longer needs to be a crisis, a project or even a discussion topic.

My second take-away from the report is that the way we speak about difference and diversity as leaders needs updating. I was struck, for example, by how readily we revert to stereotypes of what women bring to the workplace to explain the benefits of gender parity. This is tricky terrain. For whilst it makes intuitive sense to refer to women's generally better communication skills, for example, or to suggest that women are generally more in touch with their emotions than men, Dr. Kelan's work left me wondering about the impact of even positive stereotypes – however well-meaning – on women's ability to be themselves at work. Our biases can be positive or negative, but in the end they are still biases. So in 2014, I resolve to rely less on stereotypes of 'what women bring' and more on the value of individual difference as an argument for greater gender parity.

Finally, Dr. Kelan's research clearly describes a convergence of CEOs who understand the challenges of gender parity, want to take meaningful action and are determined to make a real difference on the issue during their time in role. Her research also lays out exactly what we as leaders need to do to achieve this - from creating accountability and leading by example, to initiating change in our own organisations. Over the coming 12 months I'll be doing my best to put those leadership behaviours into practice myself, and encouraging my leadership team to do so too. For what this research makes clear is that the 'something' that needs to change is down to us. Its down to how we as CEOs talk and act on gender parity. Starting with ourselves gives our businesses – and the women in our workforces both now and in the future – the best possible chance of leaving a positive legacy on gender diversity. As CEOs we want that legacy, for the sake of our businesses and for all of the people in them.



Simon Collins UK Chairman of KPMG

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Introduction

Gender parity¹ is an issue that is near the top of the agenda for many CEOs (ESRC/ACCA, 2012; McKinsey, 2012). While research has stressed that senior leadership commitment and responsibility are central to achieving gender parity as well as other diversity and inclusion aims (Jayne and Dipboye, 2004; Kalev *et al.*, 2006; Thomas, 2004), it has only been fairly recently that CEOs have started to make gender parity a strategic priority. This development raises the question: which mechanisms do senior leaders have at their disposal to drive behavioural changes towards gender parity in their organisations?

In this report, we start by outlining what CEOs see as the challenges for achieving gender parity in their organisations. We proceed to explore the reasons why CEOs believe that gender parity is a goal worth pursuing. We highlight six critical leadership behaviours through which CEOs can support gender parity. We also show how talking about gender parity in more personal and emotional terms can help ensure leaders leave a legacy of gender parity in their organisations.

Gender parity here refers to men's and women's relative access to decision-making positions in the workplace

Research design

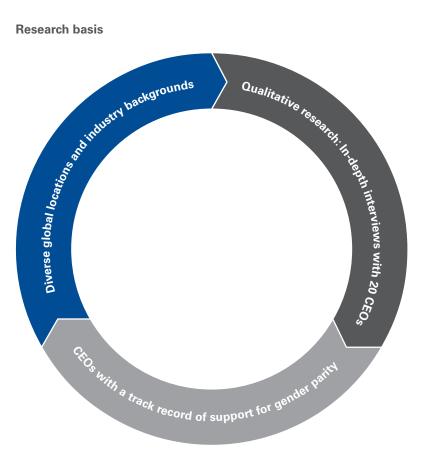
his research sets out to find answers to three key questions:

- 1. What hinders gender parity in organisations?
- 2. What reasons do leaders put forward to explain the importance of gender parity?
- 3. How do business leaders support gender parity in their organisations?

Our ambition was to explore, in-depth, how individual CEOs talk about their

personal motivation and actions to support gender parity. This approach called for research based on one-on-one interviews (rather than a survey, for example). We conducted 20 in-depth interviews with CEOs in total. Despite the relatively small numbers, we achieved data saturation, meaning that we were repeatedly hearing key themes and it was unlikely that further new interviews would have led to new insight.

The interviews were fully transcribed and coded with qualitative software for analysis. The research findings were anonymised to protect the identities of the individuals and organisations.





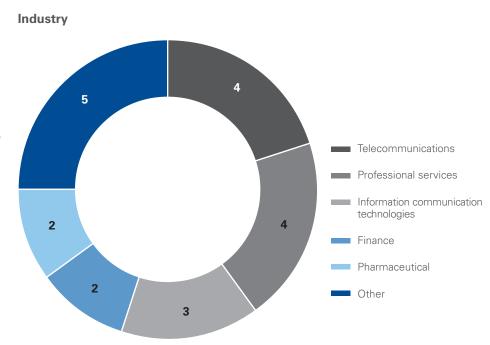


We were particularly interested in hearing from CEOs who signalled a will to be supportive of the women in their organisations. We therefore sampled CEOs who were signatories to the Women's Empowerment Principles (WEPs), an initiative by UN Women and the UN Global Compact. Fifteen interviewees were signatories of the WEPs, along with five CEOs who had not signed the WEPs but were in our network.

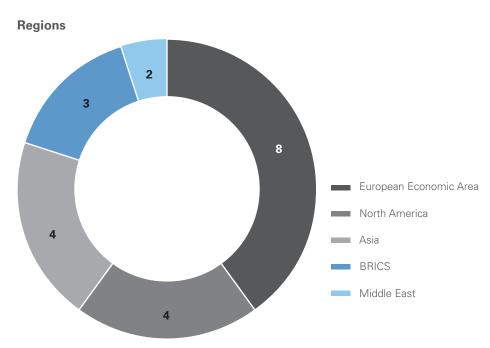
We interviewed 15 male and five female CEOs. The CEOs represent different sectors and global locations. Four companies were in telecommunications, four were professional service firms, three in information communication technologies, two in finance, two in the pharmaceutical industry and one organisation each in energy, research, insurance and retail. The final organisation was a conglomerate. Eight organisations were in the European Economic Area (EEA), four in North America, four in Asia, three in BRICS² countries and one in the Middle East. The majority of organisations were multinational companies, with four being small and medium-sized businesses.

The length of each interview was between 20–50 minutes, excluding discussions regarding preliminary information, with the average length of an interview being 32 minutes (excluding preliminaries). The interviews were fully transcribed and coded with qualitative software for analysis. The research findings were anonymised to protect the identities of the individuals and organisations.

Sample characteristics



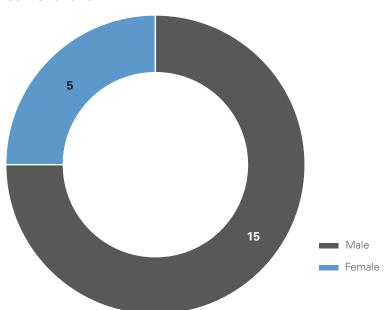
Other: 1 Energy, 1 Research, 1 Insurance, 1 Retail, 1 Conglomerate



² Brazil, Russia, India, China and South Africa

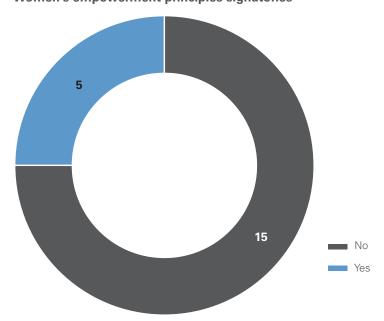
Sample characteristics

Gender of CEO



The length of each interview was between **20–50 minutes**, excluding discussions regarding **preliminary information**, with the average length of an interview being **32 minutes** (excluding preliminaries).

Women's empowerment principles signatories

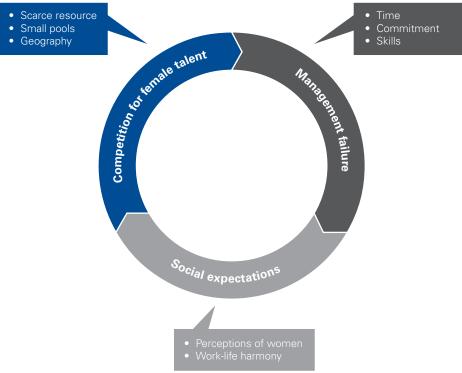


The challenge

When we asked the CEOs about the key challenges for gender parity, three issues stood out.

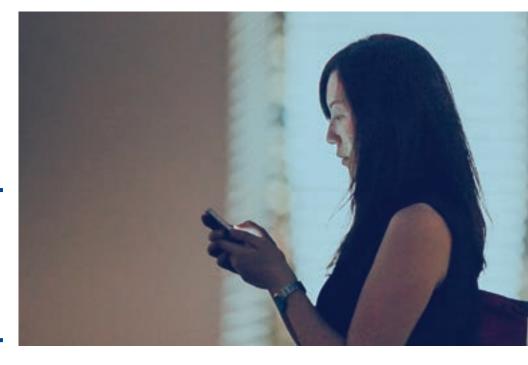
First, many CEOs believe that the lack of women in an organisation is a management failure and as such the result of shortcomings in systems, processes and people necessary to progress gender parity in their organisations. The time restraints of leaders was frequently cited as one explanation for why many do not choose to focus on gender parity. But there might also be a lack of commitment to gender parity, which leads to no action being taken. Particularly, a lack of commitment by predecessors was seen as a key factor for not making progress. Alongside a lack of time and commitment, CEOs also felt that a lack of skills was hindering progress. For example, CEOs discussed how people may lack the skills necessary to make objective recruitment decisions, and have a tendency to hire and interact with people who are like themselves - a phenomenon known as homophily (Ibarra, 1992). One CEO also observed that women often tend to hire men, which speaks to the fact that people tend to hire based on norms around an

Challenges



Source: Winning hearts and minds: How CEOs talk about gender parity, KPMG International, 2014.

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ideal worker, who seems to be more male than female (Acker, 1990). This focus on management failure provides a new insight into why gender parity has not been achieved.

Secondly, CEOs talked about **social expectations** that make it difficult for organisations to achieve gender parity. They spoke about the struggle faced by many women who were trying to follow the myth of 'having it all', and described work-life harmony as a particular challenge for women. They recognised that careers required temporal and spatial flexibility which was often driven by client demands, and saw women as struggling with this flexibility because of their commitments outside of work. They talked about maternity leave, family responsibilities and the lack of a supportive partner as particular hurdles for women. They also mentioned women's presumed lack of aspiration, confidence and suitable role models and about how traditional biases are

holding women back (for instance, women not being as frequently recognised for their contributions as their male counterparts). The complexity of this set of explanations from CEOs suggests that organisations are ill-equipped to deal with deeprooted social expectations that hold women back.

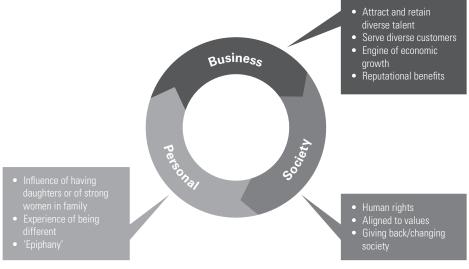
Finally, CEOs felt that recruiting women is a challenge for many companies. Finding talented, experienced and qualified women was considered to be particularly difficult in areas where pipelines are narrow and the competition for female talent is intense. The MBA market, as well as science and technology subjects, were singled out as particular examples of this. Geographic location was also thought of as a constraint, and it was suggested that there are not many qualified women in certain regions of the world. It seems many CEOs think of women as a scarce resource for which organisations have to compete.

The complexity of this **set of explanations** from **CEOs** suggests that organisations are ill-equipped to deal with deep-rooted **social expectations** that hold women back.



The rationale

Rationales for gender equality



Source: Winning hearts and minds: How CEOs talk about gender parity, KPMG International, 2014.

The reasons that CEOs put forward to support a move towards gender parity were situated in three interrelated areas.

Most CEOs started their answers with the business reasons for more women in organisations. This very much reflected the traditional business case arguments around attracting and retaining talent, serving diverse customers, improving the organisation's reputation and even seeing the inclusion of women in the workplace as an engine of economic growth. There were a variety of arguments used to support the idea that women improve business and enrich organisational culture, including: women enriching the decision-making process, speaking up, being more in touch with their emotions, adding a new perspective and having complementary skills sets to men. The CEOs used the business

case for gender parity extensively to justify why they are taking action on this issue, and it is interesting to note that to support the claim that gender parity is good for business, they drew on rather traditional and even outdated conceptions of women and their presumed skills which have not been supported by empirical research (Hyde, 2005).

However business reasons were not the only type of rationale that CEOs deployed to argue for gender parity. After discussing the business case, social reasons were commonly mentioned. CEOs talked about how they wanted to 'give back' to and change society. For many, their commitment to gender parity was related to the values which they and their companies embodied; for others it was an issue of fundamental human rights.



After discussing the business case, **social reasons** were commonly mentioned.



Finally, personal reasons were a strong motivator for CEO engagement on gender parity, though interestingly this rationale was regularly raised by CEOs only after discussion of business case and the social case. CEOs talked about how having daughters made them realise the importance of gender parity, or about how other strong women in their familial environment have influenced their commitment to this area. Female CEOs often felt that being a woman put them in a special position to support gender parity; both men and women spoke about how being different, such as being the first person from a specific region to lead a global organisation,

had sensitised them toward issues of diversity - including gender. One CEO talked about how, while reading a book, he had an 'epiphany' about the importance of gender for economic development, and another realised the importance of gender when a junior woman in a meeting asked him to put himself into her shoes. Articulating personal reasons for change is a powerful strategy, adding influence and authenticity to the change effort. It was notable however that the personal case was underused by CEOs, often raised only after discussion of the impersonal business and social arguments for change.

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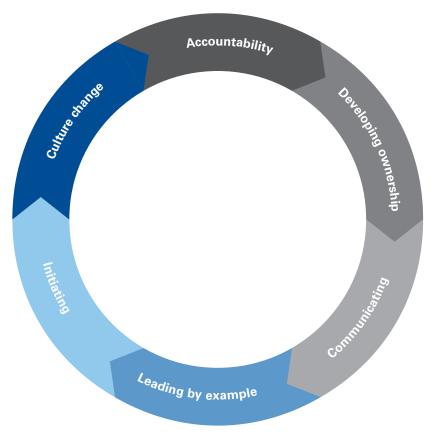
Critical leadership behaviours

We identified six behaviours in the literature through which leaders can drive change on gender parity: accountability, developing ownership, communicating, leading by example, initiating and culture change (Davidson, 2008; Dobbin and Kalev, 2007; Giscombe and Mattis, 2002; Kilian et al., 2005; Mattis, 2001; Morrison, 1992; ORC Worldwide, 2008; Thomas, 2004). Our interest was in exploring how, if at all, CEOs brought these critical leadership behaviours to life in their own organisations.

Accountability can take two different forms. First, it can refer to the

accountability of CEOs for establishing gender parity in their organisations. It is, for instance, common that CEOs are responsible for reporting on progress towards gender parity in the boardroom, though we found less evidence linking CEO remuneration to progress on gender parity. Secondly, accountability refers to how the CEO can create accountability in the chain of command, both externally and internally. For example, many CEOs talked about how they instructed executive search firms to bring back a gender-balanced slate of candidates that would help people in their organisations to make more

Critical leadership behaviours







diverse appointments. Internally a key practice is to hold managers to account for gender parity. In one example, a CEO asked his reporting staff to bring photographic evidence of their teams' diversity to the discussion. Another CEO discussed how, in a review of the performance evaluation system, managers were held accountable for gender parity in outcomes, whilst two CEOs also ensured that their direct reports had clear performance metrics of their own with regards to gender. Interestingly there was little discussion about how gender parity might be used as a criterion in the performance evaluation of direct reports to the CEO, suggesting that management accountability for progress rests with middle rather than senior managers. There was also limited talk about hard accountability measures, for example, linking performance pay to gender-inclusive behaviours.

Instead many CEOs focused on a softer approach of developing ownership for gender parity. This was often done through identifying internal champions for gender parity who would then drive the agenda. We also found some evidence that CEOs personally tried to change the mindset of their middle managers, often through trying to make them understand the business imperative of gender parity. Others intervened to help middle managers to realise their own biases by, for instance, critically questioning performance evaluations of women. It was notable. however, that CEOs tended to steer clear of any discussion about the anxieties sometimes associated with working towards gender parity – for example the fear that many leaders and managers have about doing or saying the 'wrong thing.'

This omission is important, because the effectiveness of CEOs in driving gender parity is intimately associated with how and what they communicate on the issue. To support gender parity, CEOs have had to become spokespersons for the issue both internally and externally. The kinds of arguments that they deploy reflect their beliefs that gender diversity improves business, or their commitment to fairness, respect and meritocracy. And, as mentioned above, several CEOs used personal stories to illustrate their commitment to change in the most compelling terms.

CEOs also talked about how they lead by example, primarily in two key areas. First, they talked about how they try to act as role models for inclusive behaviour. Some CEOs ensured that they participated in recruitment panels and openly challenged what they perceived as gender bias. Others made a point of talking openly about their personal commitments - such as attending a play by their children or picking them up from school – in order to give others the license to do likewise. Many CEOs encouraged employees to make use of flexible working: for some, this meant supporting men to take parental leave and for others it meant creating the practice that no meetings are held before 10:00 or after 17:00. Secondly, CEOs led by example in visibly supporting women employees, for instance, by being involved in their organisation's gender networks, or by creating forums for women to talk directly to the CEO about their experiences. Others ensured that women had visible positions in senior roles, whilst some took a harder line,

making it clear that men's behaviour had to change too – and that those who did not support gender parity were let go or 'put in their place'.

In regards to the fifth behaviour, CEOs talked about how they initiate change in their organisations. We found that very often CEOs picked one or two key strategic initiatives to throw their weight behind, meaning that they were continually questioning, challenging or calling for action on a small number of specific issues in their organisations. For example, one CEO was focused mainly on gender bias in performance evaluation. Another focused on raising awareness through the simple mechanism of asking direct reports to bring photos of their teams to the discussion. While a whole range of elements need to be in place to foster gender parity, the CEO arguably has the greatest influence when they identify just a small number of issues about which they feel particularly strongly, and focus on driving these forward.

Finally, most CEOs recognised that making progress on gender parity requires a **cultural change** – perhaps representing a shift away from an earlier 'tickbox' approach to change. CEOs talked about how achieving progress requires a long-term perspective rather than a quick fix, and about how they were preparing their organisations for a marathon rather than a sprint on the issue. On a personal level, many CEOs were also concerned about their own legacy on the issue ('What happens after I'm gone? Will gender still be on the agenda?') and saw cultural change as one way of ensuring that a focus on gender parity outlasts their appointment.

While a whole range of elements need to be in place to foster gender parity, the **CEO arguably** has the greatest influence when they identify just a **small number of issues** about which they feel particularly strongly, and **focus** on driving these forward.

Key insights and recommendations

his research highlights how CEOs perceive the challenges of working towards gender parity, how they justify the need for action on gender parity and which critical behaviours they can show, as leaders, to make change happen. To summarise, CEOs perceive that the key challenges to progress on gender parity relate to management failure, social expectations and the competition for female talent. They use a combination of the business case, the social case and the personal case to urge their organisations to change, with the personal case frequently underutilised, and mentioned only as an afterthought to the business and social rationales. They display six critical behaviours in support of gender parity (accountability, developing ownership, communicating, leading by example, initiating and culture change) but despite concerns over personal as well as organisational legacy, they appear to hold back from fully utilising these behaviours in driving effective change.

The particular focus of this study has been on how CEOs talk about gender parity. If CEOs want to make progress towards gender parity in their organisation, they need to understand the power of doing things with words. Statements to get things done are

called speech acts (Austin, 1962). Examples of speech acts include: to appoint someone to a position or to promise a certain result. Through having specific authority, the words are transformed into action. CEOs and senior leaders can tap into the power of the speech act to drive change: what they say can in itself help make gender parity a reality.

But for the speech act to be effective, the following elements are central. First, the speech acts should be **personal**. A strong, heartfelt narrative in support of their engagement on gender parity can signal to the organisation that the CEO's commitment is authentic. In the interviews, CEOs seemed more hesitant to share their personal motivations, favouring instead the business and the social cases for change. But we would encourage CEOs to be brave, and bring the personal case to the fore much more, balancing facts and statistics with personal anecdotes in explaining why gender parity matters. Second, CEOs should seek to create an emotional link between the aspired change towards gender parity and their employees, particularly middle managers. A purely cognitive

A strong, heartfelt narrative in support of their engagement on gender parity can signal to the organisation that the **CEO's** commitment is authentic.

Key insights

Challenges

- Social expectations Competition for female talent

Rationales

Critical leadership behaviours

· Accountability, developing ownership, communicating, leading by example, initiating, culture change

rationale for gender parity lacks emotional impact, yet research has shown that middle managers can be change intermediaries if they understand the change intent (Balogun, 2003; Rouleau, 2005) and are emotionally committed (Huy, 2002). CEOs therefore need to help middle managers develop that commitment either by sharing their own personal and authentic change narrative, or by creating other emotionally-laden stories for why change is needed (Denning, 2004). Finally, CEOs need to avoid spreading themselves too thinly across the complex range of factors contributing to gender parity,

and **focus** instead on just one or two key change processes. These become associated with the individual CEO and enter the organisational narrative as a symbolic change, helping ensure both a personal and an organisational legacy on gender parity.

With gender parity prominently on the business agenda, the current generation of CEOs has an opportunity to chart new territory in making progress on this issue. Through aligning their words and actions as much with their hearts as with their minds, they can set their organisations on a trajectory that disrupts current practices and allows for sustainable change on gender parity.

Through aligning their words and actions as much with their hearts as with their minds, they can set their **organisations on a trajectory** that disrupts current practices and allows for **sustainable change** on gender parity.

Recommendations



Afterword

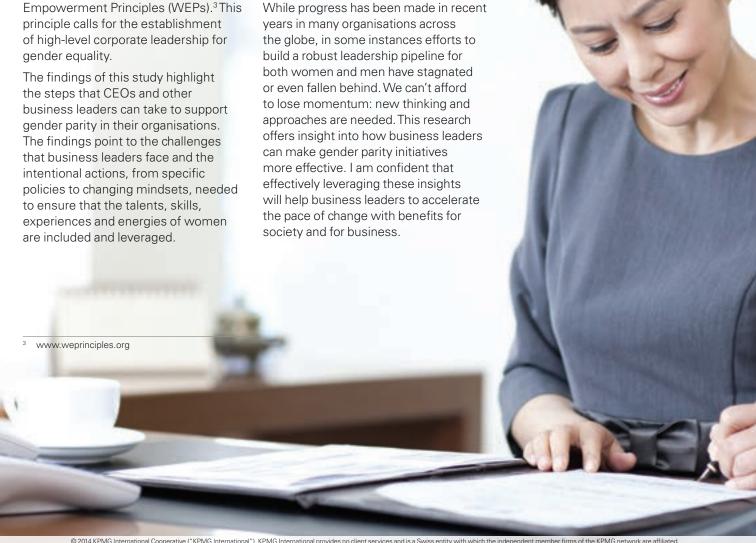
Ursula Wynhoven

General Counsel and Chief, Governance and Social Sustainability for the UN Global Compact Office

he UN Global Compact is pleased to have contributed to this important study, the results of which highlight how business leaders can champion gender equality in the workplace.

The crucial role of business leaders in driving the type of organisational change needed to advance women's empowerment and gender equality is underscored by Principle 1 of the UN Women-UN Global Compact Women's Empowerment Principles (WEPs).3 This principle calls for the establishment of high-level corporate leadership for gender equality.

The study yields practical insights into leadership behaviours and actions needed to accelerate progress towards gender equality, which will be of particular interest to CEOs that have signed the Statement of Support for the WEPs. The study also highlights the drivers and incentives that have made gender equality a top priority and helped to convince those CEOs that have signed the Statement of Support that equality really does mean business.



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