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gender AND THE economy

"IT'S NOT ME, IT'S YOU"

Why women are leaving capital markets

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IT'S NOT ME, IT'S YOU

WHY WOMEN ARE LEAVING CAPITAL MARKETS

Executive Summary

Capital markets has failed to attract and retain diverse talent. Despite being an incredibly lucrative career path, low recruitment and retention rates suggest that women are opting out of careers in capital markets, if they are choosing to enter the industry at all. In interviews with 18 men and women, currently or formerly employed in capital markets, this report provides five insights into why women are not choosing careers in this industry. Starting with gender stereotypes and industry-wide culture, this report highlights structural interventions that can improve an organization's ability to attract and retain a more gender-diverse workforce.

"Organizations must be intentional about the way they recruit employees, especially if that employee is part of an underrepresented group on their team, floor or department." – Former Structured Finance Associate

Diversity & Inclusion in Capital Markets

Increasingly, academic studies are demonstrating the importance of human capital diversity as a market differentiator. Evidence shows that diverse teams achieve higher returns and are less susceptible to risk than companies with a more homogeneous workforce[i,ii]. As a result, more business leaders are recognizing the value of improving diversity and are integrating human capital decisions into their strategic plans. Human capital as a strategic differentiator means that there must be a greater emphasis on attracting and retaining diverse talent, with many organizations starting by tackling gender diversity.

Using human capital as a strategic differentiator is especially crucial in highly competitive industries like capital markets, where success and ongoing profitability rely on identifying innovative ways to create value across industries, weathering highly volatile market conditions and selling ideas to organizations as well as investors. The dynamic nature and technical complexity of capital markets work requires an in-depth knowledge of multiple industries and financial tools as well as an orientation to problem-solving and sales. Qualities that many leaders claim are difficult to find.

Leading organizations in capital markets pride themselves on attracting the best graduates from around the world, claiming only the brightest can succeed in the competitive and fast-moving industry. However, since the inception of capital markets, the overwhelming majority of hires have been men, leading to the persistence of "sameness" in departments, teams and leadership groups. As of 2016, women represented less than one-third of the securities agents, investment dealers and brokers in Canadian financial services[iii]. This pattern extends globally, with the majority of women employed in capital markets in junior roles[iv]. In Canada, jobs in financial services are among the most highly compensated[v], meaning that the low representation of women in capital markets is an economic issue as well as an equity issue. As a result, capital markets has come under scrutiny from outside organizations and is under pressure to increase the representation of women at all levels.

The combination of criticism, more competition for top graduates and the recognition of diversity as a competitive advantage has led capital markets organizations to evaluate their hiring practices. In Canada, leading financial institutions are making specific commitments to increasing gender diversity as a way to increase organizational capability and competency. Many have started by launching internal women in leadership initiatives and employee resource groups. These initiatives have had moderate success in improving gender diversity in different parts of banking and financial services. However, capital markets has persistently lagged[vi,1] both in the recruitment and retention of women, placing it on the losing side of the war for talent.

Many capital markets organizations claim that shallow recruiting pools and past hiring practices are contributing to inadequate representation of women in capital markets today[vii]. Examining these claims further allows us to define the problem more accurately. If the pipeline for talent begins at the university level, and women are graduating from university programs at higher rates than men, there is evidence to suggest that the pipeline problem starts within capital markets rather than in the overall talent pool. With increased efforts to include women in capital markets, the better question seems to be why women are not choosing capital markets for long-term careers. Specifically, what realities or dynamics are influencing women to leave potentially lucrative and challenging roles in capital markets for other industries and what can leaders in capital markets do to improve representation?

Given the opportunities and financial upside, it might be challenging to understand why more women are not choosing careers in capital markets. By engaging in interviews with men and women who have capital markets work experience, this study aims to identify opportunities to improve retention of women, or at the very least, identify gaps in current practices and assumptions about women's experiences in capital markets that are contributing to poor retention.

The following results were developed through conversations with current and former capital markets employees. Their experiences and observations provide a jumping off point for leaders to engage with their diverse team members more purposefully and to create plans that demonstrate a genuine commitment to gender inclusion, rather than hollow marketing opportunities.

Demographics

To better understand why women are persistently underrepresented in capital markets, I conducted an ethnographic study of men and women with work experience in capital markets. I interviewed 18 people, working in Toronto (16) or Hong Kong (2). Participants ranged from a few months in their roles to over twenty years in increasingly senior positions. 50% (9) of participants were currently working in capital markets, and 50% (9) were no longer in the industry. Four participants identified as men, while the remaining 14 identified as women. At least one participant from each gender was represented at the Analyst, Associate, Vice President and Managing Director levels of capital markets – meaning the study includes at least one respondent from each role. All respondents had worked in at least one front office role.

Observation One: Being a woman in capital markets often comes with caveats (and recommendations for fitting in).

In short, women are opting out of capital markets before recruiting even begins.

[1] The study by Catalyst and Women in Capital Markets, analyzes gender diversity at three levels of seniority, shows that the industry made between 0 and 1% progress on gender diversity between 2000 and 2008. In other words, the percentage of women in Managing Director and above or Vice President roles in capital markets did not change between 2000 and 2008. It is unclear how these numbers have changed from 2009 to 2019, however if we use the wider financial service industry is used as a proxy, improvement would be marginal.

For future graduates and prospective hires, information sessions are an easy way to develop one's network and learn more about an industry. For women interested in capital markets, these events often focus on the ways women need to change themselves to fit into the industry (i.e. be more masculine) in addition to the skills required to be technically successful. Advice ranges from objective, knowledge-based skills such as demonstrating awareness of current market conditions and corresponding economic impacts to more subjective, personality-based recommendations such as altering one's voice to appear more commanding.

Previous studies scrutinizing the gender-recruitment gap recommend capital markets organizations make earlier connections with women in technical, math and business fields and engage in marketing efforts showing that women are equally capable of succeeding as men in capital markets roles[viii]. While it is true that work needs to be done to rehabilitate capital markets image as an 'old boys club', the recommendations are still rooted in the belief that men are better suited to roles in capital markets and that women should strive to be more masculine in order to be successful. Unfortunately, changing the external messages does not necessarily have an impact on internal practices. In order for marketing efforts to be impactful in the long-term, organizations and leaders need to make critical internal changes to ensure messages to prospective hires match what they will experience (more on this in recommendation two).

For many women, their introduction to capital markets is a case study of how difficult it will be to fit in. For example, during panels targeting women in finance and capital markets, the participants advised audience members to be aware of up-talking, a speaking pattern where one's voice becomes higher-pitched at the end of a sentence. This practice is stereotypically associated with female speakers; however, evidence has shown that listeners are biased to female voices, regardless of their intonation[ix, x]. This advice from experienced capital markets professionals telling women to change their voices or speaking patterns so they can be successful, irrespective of their knowledge or competence, effectively signals an explicit bias against women. While indicative of the experiences many women have had, the clear absence of equity acts as a signal to prospective hires. For some it causes them to reconsider whether a career path in capital markets is right for them. At a minimum, the overt bias may be dissuading qualified and competent potential candidates from considering careers in capital markets at all.

"I am so glad they finally told me what I need to do to be successful. Panels where women are told we don't have to change anything are so disingenuous." – Capital Markets Summer Student, Women in Finance Panel Attendee

The insights from these panels provide prospective recruits with important information about the industry. The experiences of seasoned capital markets employees create an opportunity to assess whether potential recruits can see themselves having a future in capital markets. While negative stories and exclusionary messages may be driving women away from careers in capital markets, removing these panels altogether or trying to change the messaging to be more positive is not the answer. These panels and information sessions are helpful tools for prospective recruits to build an accurate understanding of the industry before committing to it. For capital markets leaders, these panels indicate where bias is embedded in the hiring and advancement processes, and where there are opportunities to make changes to improve gender equity.

Often these panels serve to solidify that women are either not welcome in capital markets or that they will have difficulty being successful, especially if they are too feminine. This does not dissuade everyone, but it does feed into negative beliefs about the industry. One might think of it as the warning sign before a difficult ski run. Some people are up for the challenge and will use the warning to adjust their behaviour, and others will back out entirely to avoid the potential failure.

Ideally, the advice given to anyone interested in a career in capital markets jobs should be the same and focus on the skills required to succeed in a job. Panels showcase and echo the myriad of ways that women are disadvantaged by subjective measures or gendered expectations (i.e. going out for beers or participating in golf tournaments). In creating systems that are procedurally just and limiting opportunities for gender bias to creep into hiring and advancement discussions, the advice women receive may become more closely aligned with the advice men receive. Furthermore, the stories told to prospective hires will have less to do with gender and more to do with real skills, widening the pool of women who can see themselves pursuing careers in capital markets.

Implication for Practice

Honesty about women's experiences in capital markets may provide prospective recruits with insight into job requirements and in some cases, the compromises required or challenges that exist to be successful in the industry. In some cases, qualified women are choosing not to pursue capital markets careers which limits the pool of prospective female candidates and increases competition for women who would be a great fit.

The advice given to women demonstrates how bias is embedded in capital markets' recruiting and advancement processes. Ideally, the advice given to men and women should be the same and based on what skills are required to do the job well. Differences in advice given to men and women can be used to target gaps or unfair treatment. Using these insights, organizations can break down their reasoning (i.e. *Why do we tell women to x and not men?)* Further, if there are particular metrics where women candidates are under-achieving or performing lower than men, evaluate the processes for unconscious bias.

Recommendation

Pay close attention to the advice given to women interested in capital markets compared to men. Look for differences and trace these differences back to the job descriptions and role expectations. Create gender blind systems to assess competence. For example, if employers value communication skills but see that women are at a disadvantage compared to men, they can test written communication rather than spoken during interviews and skill assessments.

Observation Two: There is a disconnect between recruiting and reality and it's driving new hires away.

In short, recruiting is not entirely fixed.

"At no point during the recruiting process did I feel different or othered compared to my male peers. It wasn't until I got to my desk that I was made to feel different." – Former Foreign Exchange Trader

Over the last twenty years, recruiting experiences for women interested in capital markets have improved. Previously, it was common for hiring panels and recruiting teams to include only men. Gradually, organizations have become more thoughtful about the composition of recruiting panels as well as how they engage with female candidates, to the point where stand out female recruits might be courted and offered positions on teams after just one meeting. Targeted scholarship opportunities for women entering MBA programs help identify top talent early, and many organizations promote their woman in leadership initiatives more broadly as a gesture of inclusion. The number of events targeting women has also increased. However, the messages shared through these groups and other marketing initiatives are considerably more positive than the anecdotes shared via panel or personal discussions.

There appears to be a disconnect between the story women are told during recruiting and their lived experience once hired. To persuade prospective hires to join organizations, recruiters or hiring managers will emphasize positive attributes or over-state how inclusive their organization is. Often, the challenges faced by women or other equity-seeking groups are minimized. Unfortunately, the stories shared in information sessions and the advice given to women is often more accurate than the promises made by executives in keynote speeches or by recruiters during events.

"I knew it was going to be hard work. I can do the work, but it was my mental health that suffered." – Former Investment Banking Associate

This gap between expectation (or promises) and reality is a disservice to the women entering capital markets. For women who are offered jobs on a tight turnaround, there is very little time to make a calculated decision or seek out additional information. The knowledge shared at recruiting discussions often highlights the culture organizations aspire to but does not accurately reflect the lived experience or cultural reality for equity-seeking groups.

Several women emphasized that there was a stark contrast between what they anticipated the work would be like when they were being recruited compared to their day-to-day work once on the job. Many women discussed being the only woman or one of a small number of women on their team. They shared feelings of isolation and instances of bullying or exclusion from their male counterparts. In some cases, women opted out or chose to exclude themselves because they were not comfortable participating in a particular group activity or entertaining a client. They acknowledged that this likely contributed to being excluded further or being thought of as a poor team player.

Women also expressed challenges with recognition of their success. One analyst in foreign currency exchange spoke about differential treatment from her manager when she achieved her highest sale. She and a male counterpart had separately executed their most profitable personal trades and had made a significant return for their team. When discussing their results, her manager commended her male counterpart for taking a calculated risk while he commented that she had been lucky to be in the right place at the right time.

Overall, these various experiences and unnecessary hurdles contributed to a feeling of belonging uncertainty for women in this study. In other words, instances of exclusion or differential treatment created a sense of doubt about capability, competence and ability to succeed within the organization[2]. Among the individuals interviewed, a weak sense of belonging or the belief that it would be challenging to advance contributed to their decision to leave capital markets entirely or to find a new role within financial services.

Implication for Practice

Recruiting practices that shield prospective employees from workplace realities or make unachievable promises about culture, result in confusion for new hires. For women, the disconnect between aspirational culture and team reality is especially significant and seems to confirm suspicions that women do not fit within the industry. For the women in this study, the disconnect between their anticipated and actual work experiences were contributing factors when deciding to leave the industry.

Recommendation

Create a strategic network between recruiting, human resources and team leaders to identify gaps in the lived-experience of new hires compared to recruiting messaging. Connect rewards, recognition and compensation for people-leaders to inclusion-focused targets. Stop over-promising and under delivering. Make concerted changes to team cultures and feedback systems, or update recruiting messaging to be more realistic.

Observation Three: A good manager makes a significant difference in an employee's experience, but leaders are not incentivized to change.

In short, individual leaders set the tone for team behaviour.

A common theme between men and women interviewed was that their experience at work was closely related to their team's dynamics. Often, team leaders set the tone for how work is completed, how successes are celebrated and what behaviour is acceptable within the larger group. They model what behaviours will be rewarded and how to succeed. Team leaders also have the power to create step-up opportunities or chances to advance within the organization for their team members.

In this study, several men and women credited a current or former boss with development opportunities or career coaching at a critical professional juncture. For individuals still working in capital markets, it was common to attribute career choices and opportunities to a senior team member's mentorship. Conversely, individuals who left capital markets noted the absence of support or mentorship within their team or wider organization.

Whether a leader is good or bad appears random and primarily a function of their personality, as well as how they identify with members on their team. Several women noted that they tended to share a specific trait or experience with their boss (e.g. they were both women, they had gone to the same school, or they had similar cultural backgrounds) and that this similarity was helpful for creating a deeper bond. Many women also noted the 'fathers with daughters' phenomenon. In other words, when men who have daughters begin to have more empathy for women at work and are more likely to offer support or mentorship to the women on their teams.

[2] Men also shared difficult experiences on their teams and feelings of isolation. However, the men interviewed did not express feeling like they did not fit in.

"My manager constantly calls upon me to share my insights. He makes sure his counterparts are aware of my contribution which builds my credibility." – Current Business Analyst

While there is a clear connection between leadership style and team engagement for employees, professional success in capital markets is closely tied to revenue generation. Essentially, the ability to make money is valued above everything else, often leaving people management as a secondary concern. For revenue generators, leadership capabilities are even less critical. In some cases, generating high returns for the organization gives employees a licence, or at least, leeway to act poorly without fear of retribution. A proven high performer is sought out and will likely have options in other financial institutions. It appears that the fear of losing high earners holds many organizations hostage and limits the penalties they are willing to impose for exhibiting poor behaviour. As a result, people management or "soft" skills among team members are less valuable than being able to make money with clients or on products.

The close connection between money and performance seems reasonable since a capital markets employee's job is to find ways to create economic value for clients and their institutions. However, the cultures and structures in capital markets were designed in a time where teams were completely homogeneous. Over time, the motivation to make money has become inextricably tied to masculinity and success in capital markets is associated with stereotypically masculine traits. For individuals that fit into or can squeeze themselves into the narrow model of success, these structures and systems appear to work well and there is no reason to change. For people who do not fit the stereotype, commonly, the message is to change themselves or get out. Many women acknowledge feeling that they did not belong or that the stereotype did not work for them, leading to frustration, feelings of inadequacy and ostracism.

As organizations recognize the value of building more diverse teams, they are also discovering that the motivations, ways of doing business and pathways to success are different. Leading diverse teams requires a different skill and understanding than leading teams of the past. Imposing historical practices and expectations on more diverse teams fails to consider shifting workplace and cultural dynamics and can limit team effectiveness, cooperation and development opportunities. Unfortunately, in capital markets it seems that irrational adherence to past practices, behavioural expectations and short-run profitability have limited opportunities for innovative and thoughtful leadership development.

It appears that without a connection to profit, leaders will remain tied to the leadership practices they learned or that were modelled to them. In other words, old belief systems will persist, even if they are inhospitable or exclusionary to an increasingly diverse workforce. This gap is a significant barrier to inclusion because, while financial institutions claim to have a deep commitment to diversity and inclusion, in order for this to be true the values they espouse must be practised by their employees every day. It seems that without monetary incentives or recognition of leadership potential, the culture in capital markets will continue to stay the same. The risk of maintaining the status quo means that capital markets will continue to disengage and exclude women and other diverse employees.

Leaders have the opportunity to change the status quo and set the tone for the people they lead. For sustainable cultural change to take place, people leaders are critical. Their influence on teams and behaviour can be used to model and innovate workplace culture in capital markets to improve retention.

For the men and women interviewed in this study, the qualities their team leaders practice made a significant difference in their experience and engagement at work. Women who indicated they had ‘good’ bosses were much more likely to stay within an organization or wait for a promotion instead of looking elsewhere. Men also expressed gratification towards leaders who demonstrated empathy or who took the time to mentor them. Teams where leaders were closed off or neglected to turn mistakes into learning opportunities were the most disengaging and frustrating.

“Everyone wants to be good, but they want to be just slightly better than everyone else. There is no incentive to share, no incentive to ask questions and risk looking like you don’t know something. It is very different than I expected in that respect.” – Current Investment Banking Associate

People are attracted to the fast pace of capital markets as well as the opportunities to learn from smart, goal-oriented people. Both men and women indicated that they were drawn to the challenge capital markets presented; however, they acknowledged that feedback was critical to stay on the learning path and be engaged.

The current structures and reward systems do not incentivize leaders to change their behaviour or to spend time coaching or developing their teams, beyond quantitative skills. For a profit-focused industry, minimizing risk and ensuring financial returns are positive is essential and because leadership development cannot be cleanly tied to profit the same way discrete measures like sales calls can, many leaders are reluctant to change their behaviour. Without proper or concrete motivation to work differently, the current capital markets culture will stay the same.

Implication for Practice
For high performers, bad behaviour and poor leadership skills can be overlooked in favour of financial returns. Fear of losing revenue trumps the need for a new and more inclusive leadership style. Adherence to the old ways of doing business and resistance to change is hurting team engagement, especially for team members that do not identify or adhere to the stereotypical capital markets employee. Leadership development presents an opportunity to change broader team dynamics and create a more inclusive culture. However, a leader’s compensation and earnings must be at stake in order for meaningful change to occur. They must be motivated to change their behaviour, or the status quo will remain intact.

Recommendation
Capital markets organizations need to put their money where their mouth is. Commitments to diversity and inclusion have to go beyond statements and become embedded in everyday practice. Since revenue and profitability is closely tied to performance in capital markets, leverage compensation as an opportunity to drive change. Tie compensation for people leaders to factors beyond bottom line growth. It is inefficient to train leaders one by one and hope that the behaviour change sticks. Create a system that incentivizes your desired leadership behaviour and penalizes poor performers.

Observation Four: Hiring Targets are acting like ceilings.

In short, targets are too low.

There is an unfortunate and pervasive myth that hiring targets degrade the quality of new hires because they force organizations to hire underqualified candidates to improve diversity. Studies show that this is not true. Instead, targets force hiring managers to consider a wider pool of candidates, raising the overall quality and performance of teams[xi]. Nonetheless, it is human nature to anchor to a model of fit (often used as a proxy for capability) based on what we see most commonly represented in practice. This is another way that stereotypes create restrictive practices. Humans have a tendency to believe that the right person for the role must look or be a specific way, usually based on what they most commonly see. Since capital markets is dominated by white men, they may unconsciously select a white man from a slate of candidates. Due to this bias, hiring targets work to interrupt inherent bias by forcing managers to be more conscious of their hiring choices.

"I brought my short list of candidates and when I mentioned women, I felt would be a good fit, they told me we already had our female hire." – Current Investment Banking Associate

Many capital markets organizations have identified hiring targets to improve gender equity starting at the entry level. When there is a significant systemic imbalance, targets create a goal that helps progress toward equity. How these targets work in practice is mostly a factor of the people responsible for executing them and their dedication to recruiting since targets often require spending more time identifying and evaluating potential candidates. Throughout consultations with capital markets employees, there is evidence that current hiring targets are too low, and rather than acting as a minimum threshold targets are being used as a ceiling.

For example, at one financial institution a list of potential candidates was put forward for team members to meet with and assess for fit. When it came time to develop the slate for interviews, team members were told that they had already identified their incoming female hires through scholarship programs, so more female candidates wouldn't be needed for this hiring panel. Rather than giving each candidate an opportunity, regardless of their gender, the hiring manager made the specific choice to only consider male candidates.

This anecdote says a lot. First, it suggests that women applicants are considered to be less capable and competent than their male counterparts despite similar educational and professional backgrounds, as well as being vetted by their peers. This practice reveals how deeply rooted the male stereotype is in capital markets. Second, this shows that while targets may be useful in increasing the number of women entering the industry, there is little incentive to exceed the established goal. In this particular case, there was no incentive even to entertain exceeding the target and the organization lost out on potential female candidates.

Implication for Practice

By meeting the bare minimum for targets, organizations are actively opting out from hiring talented candidates and are limiting the size of their future pipeline. The lack of women in junior roles has been an ongoing problem for many financial institutions and is a common explanation for why there are not more women in leadership[xii]. In addition to limiting the pipeline for future leaders, strict adherence to low targets limits opportunities for men and women to work together and learn from one another, which can be critical for changing stereotypes and team culture.

Recommendations
Increase hiring targets to align with the target population (i.e. business school graduates) and increase the target over time to reflect the broader population. Once teams achieve their target, use blind resume screening to assess all resumes and create shortlists. Work with an external or outside party to develop short and long lists of candidates.

If there is overt or obvious exclusion on your team or in your group, it is worth examining how closely current hiring targets align with the population you draw your candidate pool from.

Observation Five: Stereotypes and gender roles are guiding the career advice and recommendations given to women once in capital markets. Often the advice is to leave.

In short, women have more opportunities to leave, so they do.

Careers in capital markets require long hours, facetime at the office and dedication to client service. Success is often based on capitalizing on the right set of conditions and building a deep understanding of a specific industry and clientele. For front office team members, their clients' needs come before anything else, so it is common for team members (especially at junior levels) to work long hours and to be on call during the weekend. For this reason, workplace flexibility often comes up when discussing turnover, especially for women.

Many panels for women in finance include discussion on work-life balance and how to manage a full career and a family or personal life. In panels for men and women, the female panelist is often asked to provide their advice on workplace flexibility and how to maintain a healthy work-life balance. Generally, men are not asked to explain how they balance it all and people mostly seem concerned with the work they do in their job[3]. Women are often cornered into explaining how they make their work in capital markets and a home life sustainable. While the question is (mostly) well-intentioned, since it acknowledges that balancing work and a family can be difficult, it is rooted in the 'woman as caregiver' stereotype and immediately suggests that capital markets careers will be harder for a mother than a father. The absence of similar advice for men acts as further 'proof' for why women can't or shouldn't work in capital markets.

This practice is not unique to capital markets. Discussions about work-life balance are a staple feature in most women in business panels. However, in the context of capital markets, gendered discussions serve to dissuade or discourage women from pursuing long-term careers (see observation one). These conversations also reinforce a stereotype that women are less committed to their careers than their male counterparts or are better suited for less time intensive roles. These discussions change the way that leaders interact with their teams and the career advice they give to their employees.

Mothers working in capital markets noted the catch-22 situation they often found themselves in. One participant noted, "If you left work to take care of your children you were a slacker. If you stayed late to work on a deal, you were a negligent mother. There was no winning." Men and women agreed that it was challenging to balance work and home life, especially with a front office or client facing job. However, men were more likely to have a stay-at-home spouse than women. Often it was assumed that women wouldn't return after their parental leave, or if they did it would be in a reduced capacity. In some cases, women

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[3] This observation is based on the author's experience and anecdotes from interviewees.

were counselled to look for jobs in other departments or move to middle or back office roles in order to stay in capital markets if they were considering having children.

"Women have babies, and we guide them into roles in compliance or back office support, where they will never come back from. [If flexibility is a concern], in reality, we should be finding solutions that bridge the gap for the first few years until their children are in school." – Former Director

The stereotypical or prescriptive roles for men and women have negative implications for everyone. Gender roles provide us with a template for what is socially acceptable, straying from that template is often frowned upon and can be difficult. For women, this often means taking on caregiving roles while men are expected to be breadwinners. Consequently, the career advice women receive tends to focus on obtaining a better work-life balance. A woman leaving capital markets for a compliance role, transferring to another department or leaving capital markets all together is considered normal because it aligns with our socially constructed idea of what she should value[4]. For men, the opposite expectation exists, and as a result, they have fewer options to change careers if they are unhappy with their role or the amount of time they are spending at work. For women, the pool of options is broad but earning potential is shallow. For men, the pool of options is thin, but earning potential is more significant.

Implication for Practice

Without intending to, the gendered messaging and career advice given to women in capital markets may be diverting the pipeline of talented women into other departments or other industries. By emphasizing gender stereotypes related to work-life balance, the talent pool for other capital markets career paths is also limited. In either case, the full scope of suitable candidates is not being considered or adequately engaged with.

Recommendation

Stop counselling women out of front office jobs. Make work-life balance everyone's responsibility and be more mindful of gendered language and career advice. Hire more people and develop manageable workloads.

Conclusion & Next Steps

Capital markets leaders are trying to create a more diverse and equitable workforce. Organizations like Women in Capital Markets (WCM) are developing opportunities for women to learn critical skills and build a network of peers. Unfortunately, current efforts and existing diversity and inclusion programs are struggling against a well-established, male-dominated culture — the default expectation for employees in capital markets is still based on masculine stereotypes. The messaging delivered to women at information sessions, recruiting events and at work is rooted in similar gender stereotypes and sets the precedent that women do not belong.

[4] In fact, this happens frequently and further limits women's earning potential since back and middle office roles have less financial upside and lower bonuses than front office roles.

Changing the culture to better align with brand promises and aspirations for inclusion will require the engagement and cooperation of team leaders. Incentivizing these leaders will be critical for long-lasting and systemic change to occur. Organizations need to begin treating diversity and inclusion outcomes as a success metric, by tying performance to bonus value. Due to the fact that money and profit are central motivators in capital markets, penalizing low performers or rewarding high achievers will demonstrate a commitment to changing the culture and the value of inclusion. Rewarding sameness and ignoring poor behaviour in favour of high returns will perpetuate the status quo.

Increasing hiring targets and making hiring systems gender blind will raise the ceiling for women and increase the pipeline for future leaders. By re-evaluating job requirements to correctly identify skills from personality traits capital markets leaders can also begin to change its culture by mitigating bias in hiring practices.

Until capital markets leaders critically assess how current practices and systems are restrictive and limiting for all of their employees, they will be unable to make meaningful progress on their diversity targets. It is ineffective to include women if the system they are joining does not have room for them to be successful and authentic.

The women that were consulted for this study agreed that the capital markets industry offers incredible growth and development opportunities; however, it wasn't always clear to them whether the potential is worth the trade-off, namely the extra time, effort and emotional energy required to constantly prove ones' capabilities and fit. By adhering to outdated models of workplace fit, capital markets organizations are limiting their potential growth and excluding women; who are a critical segment of the talent pool.

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