Capital markets: Why so few women?

By Alicia Riolino, Sarah Kaplan and Camilla Sutton*

Introduction

Capital markets move trillions of dollars within the global economy. Global debt markets are worth over USD 100 trillion, and global equity markets are approximately USD 64 trillion[1], earning combined revenues of over $670 billion in 2017.[2] Investment banks, corporate banks, institutional investors and the broader financial services industry employ over 700,000 people in Canada and account for some of the highest paying jobs in the economy. Capital markets has a history of being highly male-dominated and a reputation for being unwelcoming and even discriminatory towards women.[3 4 5 6] Dee, a 29-year old, female MBA graduate has been working in investment banking, a segment of capital markets, for the last two and a half years. She is coming up on a promotion year but is wondering what her next steps should be.

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On the one hand, she really enjoys the fast pace of her role on the Mergers & Acquisitions (M&A) team and has received favourable reviews from her manager. On the other hand, there have been increasing tensions on her team, with tight deadlines and client demands causing her boss to show visible signs of anger, like slamming his phone down after a tough client call or reacting angrily at team members for any mistake. This behavior was just seen as "how things are done around here." The high pressure from her boss combined with the expectation that she should always be available have led Dee to reconsider whether capital markets is the best fit for her. Given her experiences, and the reputation of the capital markets industry, Dee is wondering if she should pursue a long-term career in capital markets or if now was the time to move to another sector.

Attracting and retaining diverse talent has been a persistent challenge within financial services. With the exception of support staff, the percentage of women who leave jobs in financial services is consistently higher than men.[7] See Exhibit 1 for a detailed breakdown of entry, exit and promotion rates for women and men in financial services. Exhibit 2 provides a breakdown of gender representation in capital markets from 2000-2008 by role. As a subsection of financial services, capital markets has made only marginal gains in gender diversity over the last 20 years. Possible explanations include inequities in recruitment, promotion and in the day-to-day experiences of employees. Some of this has been addressed over the last several years; but there are still lingering conscious and unconscious bias incidents throughout the industry. There is also the 'always on' mentality that is expected of employees at all levels, as well as the high-pressure to execute deals under uncertain economic conditions.[8] Combined, this atmosphere can lead to burnout and contribute to high turnover rates for men and even higher for women.[9]

To increase representation and reduce turnover for women and other underrepresented groups, many banks and financial institutions have implemented diversity and inclusion hiring and retention programs. These programs have helped to improve hiring at junior levels, with some institutions hiring at a balanced workforce at entry levels. However, for most firms the results at the mid and senior levels are still lacking. While the number of women entering capital markets has increased, few are rising to the top or advancing beyond Associate and Vice President roles.[10] The main interventions, such as mentoring programs, unconscious bias training and more systematic promotion processes, have not yielded strong results. Consequently, representation in leadership has been slow to increase. Capital markets organizations need an effective, long-term solution to retain diverse talent. The question is, how can capital markets foster an environment that is inclusive and supports career advancement for women as well as men? What can leaders or team members do to promote an environment that is hospitable for its workforce and supports diversity?

Capital markets structure

Capital markets comprises most financial firms, whether they are raising capital, investing or connecting firms together. They play a central role in the global economy, propelling economic growth and investment returns.

Simplifying slightly, capital markets can be broken down into three core segments: 1) corporations, who need to raise capital for growth and look to access the capital markets; 2) the sell side (also known as bank dealers) who provide access to capital and advisory services and; 3) the buy side (also known as investment managers) who have capital to invest.

The sell side or dealers typically have three divisions: investment banking, corporate banking and sales and trading.

Investment banks provide services to corporations, other financial institutions and governments that includes advisory for merger and acquisitions (M&A), restructurings, spin-offs, divestitures, risk management and public and private offerings of equity and debt.

The corporate bank serves all sizes of firms through loans, treasury services, lending, trade finance, etc.

Sales and trading facilitates transactions across all markets (fixed income, equity, derivatives, foreign exchange, commodities, etc.). They unite buyers and sellers and make markets across asset classes. In addition, they provide research, financing, securities lending and other prime brokerage services.

Sell-side functions must pay close attention to external markets since the value of a deal is often related to economic outlook as well as geopolitical events. Timing is critical to deal value. On the investment banking side this is one reason team members at all levels must work extended hours for their clients.

Relationships are highly valued. Sell side employees work hard to build both industry knowledge and client relationships at increasingly senior levels. As you move higher within an organization, the relationships you have with clients become more critical. Many deals are predicated on existing relationships between business executives and people within the bank which can provide business intelligence for future transactions.

The buy-side. The buy-side of capital markets can be thought of as investors. They are using funds from institutions or individuals to invest for future returns. Examples are pension funds (e.g., Canadian Pension Plan Investment Board, Ontario Teachers Pension Plan or municipal pension plans like OMERS), mutual funds, insurance companies and banks' asset management divisions, as well as private equity firms, venture capital and hedge funds.

Front, middle and back office. Both the sell and buy side have multiple internal departments, often referred to as the front, middle and back office. Front office groups are business drivers, they deal directly with clients or investing of assets, are considered experts, tend to work extended hours and receive higher compensation. The front office is supported by middle office functions, like risk management, finance, regulatory, strategy and compliance. While the back office departments support front and middle office groups through administration, trade settlement and reporting.

Careers in capital markets

Recruitment. The recruitment process for capital markets firms is rigorous and highly competitive. Top banks like Goldman Sachs, JP Morgan and all the Canadian banks or institutional investors like the Canada Pension Plan Investment Board (CPPIB), will recruit globally from top-ranked MBA and undergraduate commerce programs. Recruiting teams will often spend time on campus to identify top prospects, with hundreds of students applying to a small number of open positions or rotational programs per institution. Increasingly investment banks and institutional investors are looking to recruit students from diverse disciplines including STEM, accounting and law. Rotational programs offer students an opportunity to explore multiple functional units and teams and are among the most highly competitive entry-level roles. Recruiters look for students who have a demonstrated knowledge of finance and economics or an ability to understand complex math problems. The Chartered Financial Analyst (CFA) designation is valuable for applicants and demonstrates an applied understanding of concepts essential to evaluating and pricing deals, such as accounting and economics. The hiring process is structured and involves candidate fit, interpersonal or group interviews as well as technical interviews.

For business school graduates, jobs in capital markets are some of the most highly compensated in the long- and short-run. Individuals who want to make an impact with their work as well as be in a fast paced, dynamic environment tend to pursue jobs in this space. Landing a front office job in capital markets right out of school is very competitive. Niche industry or markets experience as well as other designations are seen as assets and can help graduates break into the industry. It is essential for graduates pursuing front-office roles to be as comfortable conducting in-depth data analysis as they are presenting their findings. Throughout the recruiting process and during information sessions, prospective employees are encouraged to demonstrate their confidence and teamwork in addition to their knowledge of economic trends and current events.

Capital markets career paths. Roles and titles may differ depending on the financial institution or the arm of capital markets one joins. In general, career paths move from Analyst to Associate, to Vice President, to Director, to Managing Director and in some cases, to Partner or Global Head. It is increasingly difficult to advance as seniority increases because vacancies in the most senior roles are limited, and many organizations are reducing the number of top-level managers.

New hires in either buy or sell-side functions begin as an Analyst, and entry-level base salaries are relatively standardized. Analysts process information and are often responsible for developing financial models. Buy-side models are usually for internal purposes, whereas sell-side models, knowledge or financial projections can be used to support the asking price of a specific deal. Irrespective of the side of capital markets one works, industry specialization becomes increasingly essential. Once an Analyst develops a specialized skill, they generally spend three years in their role before they are eligible for promotion to Associate.

MBA graduates are usually hired as Associates. Compared to Analysts, Associates have client management and team oversight responsibilities. They also participate in strategic planning.

There is a higher expectation for Associates to contribute to briefings on research findings and communicate financial modelling outcomes to their superiors. Generally, Associates will spend three years in their roles before being eligible for a promotion to Vice President or Associate Director. There are limited senior positions available, and advancement is based on a combination of skill and reputation. Having senior team members vouch for your ability can be a determining factor during promotion deliberations.

To enter capital markets as a Vice President (VP) or Associate Director (AD) or to be promoted from Associate, you must have demonstrated in-depth knowledge of capital markets and industry expertise. VPs/ADs are responsible for strategic oversight and operational effectiveness. Strong analytical skills and ability to work closely with clients and across departments are necessary. VPs/ADs are responsible for developing client presentations and pitch documents for investments. They will play an active role in executing deals and are also responsible for overseeing Analysts and Associates. Demonstrating internal and external leadership are essential to success in this role. After three years as a Vice President/Associate Director, you might be considered for promotion to Director; however, advancement is not guaranteed and is highly competitive. Increasingly, large investment banks have reduced the number of promotions to Director and Managing Director, ultimately leading to increased competition for top promotions.

Managing Directors (MDs) lead teams and functional units. MDs are usually expected to have at least fifteen years of experience in capital markets. MDs are responsible for the profit and loss (P&L) statement for their group or department and have high revenue generation expectations. In some organizations there is a Director role between Vice President and MD. Directors and MDs are responsible for revenue generation, managing client expectations and developing internal and external relationships.

Generally, being promoted at junior levels (e.g., from Analyst to Associate or from Associate to Senior Associate) is clearly outlined, tracked and transparent. The timeline for promotion is consistent across organizations and business units, with most Analysts and Associates staying in their roles for 2.5 to 4 years.[11] In order to advance, a candidate must demonstrate sufficient capability and outperformance on key metrics at their current level. Larger organizations, like major banks or institutional investors have semi-annual feedback sessions. Employees are given access to a list of metrics and their performance relative to those metrics. At more senior levels, the promotion process often requires sponsorship and agreement from a group of leaders. Revenue generation is usually the top indicator of performance and the primary driver of advancement. Participation in stretch assignments and leadership on deals can also support the case for promotion. Anecdotally, people report that women are passed over for these types of assignments. The most common assumption is that women want more flexibility and balance in home life and that additional work would not be of interest.[12] It is common for leaders to overlook people management skills during promotion discussions since revenue generation is easily measured and historically was assumed to be the only criterion that really mattered.

Typical workday and expectations. A typical workday in capital markets often requires wearing several different hats. Regardless of the role, extended hours are an industry standard. First-year Analysts can work on average 60 hours per week and in some departments are expected to be flexible on weekends and holidays. As work arises or client obligations change, team members might be asked to drop their plans and focus on client needs. Similarly, vacation time and holidays are based on client expectations and deal needs. Capital markets are considered to be an 'always on' work environment. Employees are expected to network, put in time with their superiors and clients while managing heavy workloads.

Sell-side Sales and Trading Analysts and Associates typically start their day at 7am and work until 5, just after markets close; while Investment Banking Analysts or Associates can expect to start their day around 8 AM and work until their task is complete. Investment Bankers in M&A are responsible for advising their clients or Boards of Directors on deal valuation, tactics and negotiation strategies for M&A processes or reorganizations. Tasks can be highly interdependent, and deadlines are critical to maintaining client satisfaction. As a result, M&A team members can find themselves working late nights to meet deadlines. Deals are highly confidential and can be dependent on a number of market factors. Timing is of utmost importance, and there is often pressure to get the deal done before the market turns. As a result, Analysts and Associates are expected to understand the big picture of a deal and also be highly aware of the details required to push the deal forward.

The ability to forge and maintain relationships is essential. The higher you move within an organization, the more critical your relationships are. For example, when a private company wishes to go public, they engage with a team of financial intermediaries and capital markets teams. The highest percentage of commission is awarded to the primary underwriter on an IPO (depending on the size of the IPO, commissions could be worth hundreds of millions of dollars). To be named the primary underwriter, the institution must demonstrate their knowledge of the organization and the industry that it operates, as well as their team's familiarity with the prevailing economic conditions surrounding the industry. The ability to sell your organization's capability to the executive team or Board of Directors is essential to leading the deal. Furthermore, networking between organizations and other service providers is vital to completing all necessary tasks. IPOs require significant due diligence and compliance work that can be delegated to accountants and lawyers. Primary underwriters have more authority to identify and cultivate the team involved in developing a prospectus.

Compensation. The base salary for starting Analysts is in the high five-figure range. Depending on where you work, Associates and above can earn a six-figure starting salary. Vice Presidents can make upwards of a quarter million dollars in total compensation. Larger banks and institutional investors may pay higher rates than smaller independent brokers; but for all firms there is a salary with a significant potential to earn a discretionary bonus. Total compensation varies significantly between front, middle and back office roles. Front office work requires more expertise, education and strong relationships as well as longer hours than the middle or back office. Due to this and the direct link to revenue generation, front office employees receive larger bonuses and base salaries than middle or back office staff. For example, immediately following graduation, an MBA in a front office Associate role could expect to earn CAD 150,000 on average. Comparatively, an Associate in compliance (middle office) role could expect to earn CAD 100,000 annually on average. The most significant 'upside' in compensation comes from bonuses. For Analysts and Associates, on average bonuses can range from 50-100% of their base salary. For exceptional and high performing

Associates their bonus can exceed 100% of their base salary.[13] The size of bonuses increases with seniority, with some Managing Directors earning bonuses in excess of one million dollars.[14]

Currently, a higher proportion of women work in middle and back office roles. In financial services, approximately three-quarters of support roles are held by women, compared to approximately one-quarter of Vice President/Associate Director roles. In capital markets, this imbalance is larger, as the average number of female hires for capital markets is below the average for the financial services industry.[15]

Gender and capital markets

Financial markets have existed for centuries. However, entry into these financial markets was predicated on access to capital and available investment opportunities. Historically, women were excluded from holding property and other investments, meaning they were unable to access liquid funds. It was only in the 1960s in Canada and 1970s in the US that women could even hold a credit card or bank account without a co-signature from their husbands and in the 1980s when the requirement that women business owners had to get a signature from a male relative for loans.[16] [17] [18] Financial exclusion effectively kept women from participating in capital markets.[19] Throughout the Twentieth Century, as formal financial markets continued to develop, banks and other investment institutions set up their own capital markets divisions and hired people with money management experience and business education.

In general, the characteristics traditionally valued for working in the industry have been associated with masculine-typed features such as confidence, stoicism, aggressiveness or a lack of sensitivity.[20] [21] Many online forums dedicated to breaking into capital markets emphasize the need to be confident and willing to navigate the strong personalities and the pressure of high stakes deals.[22] [23]

The recruitment process is evolving, but at times it continues to reinforces gender stereotypes and, in some cases, encourages the view that capital markets are a 'man's world' that women must adapt to fit in to.[24] Despite the evidence showing there is little to no difference between the traits exemplified by men or by women, qualities like leadership and confidence are more readily attributed to male candidates than female candidates across industries.[25] [26] [27] By positioning roles in capital markets as inherently masculine, there is an implicit suggestion that women lack the qualities necessary to fit in the industry.

The belief that women and men are differently suited to roles in capital markets persists across different arms of the industry. In an interview with Bloomberg in 2015, Michael Moritz, the chairman of Sequoia Capital (one of the largest Venture Capital firms in the world) was asked why his firm had never had female partners. Moritz stated that his company "[was] not prepared to lower our standards" to have a more diverse team.[28] His argument sounds like it is one based purely on meritocracy, an ethos that predominates in capital markets. However, research has shown that in masculinized contexts, women of equal talent and qualifications are often undervalued and seen as less competent than men simply because they are women. That is, "female" is a marker of low status in masculine settings. Therefore, meritocracy arguments overlook the fact that implicit bias is actually undermining a truly meritocratic assessment of capabilities.[29]

Gender in capital markets roles and departments. The perception of capital markets as a "masculinized" context is reinforced by the lack of diversity throughout the industry. Statistics Canada shows that in 2015, the proportion of women in administrative roles in financial services was 3.5 times as high as the proportion of men in the same position.[30] For financial services, women are overrepresented in administrative roles and they are are underrepresented in leadership.[31] For capital markets, gender diversity in leadership roles is even more limited and below financial services averages. In 2015, approximately one-third of Analysts were women. Recent benchmarking by WCM suggests that today, many firms have recruited an incoming pool of Analysts closer an equal split between men and women. The improvement in gender balance at entry levels is due to significant effort and focus. Morgan Stanley, reported in a 2016 study that within Capital Markets, Investment Banking and Brokerage women made up over 50% of all employees, just 35% of managers and only 20% of executives. Statistics compiled by McKinsey and LeanIn in 2018, for North America show similar trends. Statistics compiled by WCM and Catalyst between 2000 and 2008, show that the proportion of women holding non-administrative roles remained steady, despite large gains to capital markets jobs (see Exhibit 2 for more detail).[32]

Promotions by gender show that traditionally men were more likely than women to be promoted to Manager, Director and Vice President. However, women are equally likely to be promoted to executive positions as men, but since fewer women advance to senior roles fewer are eligible to become executives. Exhibit 3 outlines the promotion rates for men and women at each level of financial services. In addition to lower rates of advancement, exit rates are higher for women than men (see Exhibit 1). Women are more likely to leave financial services than men at all levels except for support roles, with the gap being the largest at the executive level.[33]

The culture of capital markets has been identified as a significant impediment to retaining women. In 2015, WCM conducted a survey almost 1000 male and female capital markets employees. The survey solicited feedback from employees at all stages of their career, asking participants to indicate how much they agreed or disagreed with a statement on a scale of 0 to 10, with 0 indicating a respondent strongly disagreed with a statement and 10 indicating that they strongly agreed with a statement. Statements ranged from 'Do you feel respected at work?' to 'Would you describe your manager as a role model?' The survey aimed to understand how the culture within capital markets was experienced by men and women throughout their career. Their results showed that, on average, and as time progresses, women reported feeling less respected than men, less challenged in their role and less supported by their managers.[34] Women also report lower satisfaction with compensation than men, with the most substantial gap between men and women occurring between 3 and 4 years into a career in capital markets. Women are less likely to agree that their managers are effective listeners at all stages of their career and are less likely than men to describe their managers as a role model after their first year in capital markets (see Exhibit 6).

Why diversity matters in capital markets. For MBA graduates, roles in financial services – especially capital markets – are among the highest compensated and most coveted placements. There are limited entry-level roles, with new hires often placing among the top of their class and having advanced knowledge of the law, accounting or finance. Capital markets direct the flow of money throughout the global economy. Buyers and sellers have the opportunity to guide key investment decisions, which can impact the outlook of an economy or industry.

The deals brokered by debt or equity arms of capital markets are large and involve many different players with the financial system. Decisions made in capital markets have high stakes and often have powerful impacts or ripple effects in the economy. Diversity has been shown to increase skepticism within the decision-making process[35], which can have a positive impact on risk and result in lower rates of failure and higher returns for investors. Diversity is also associated with higher levels of customer centricity, satisfaction and bottom-line growth.[36]

Increasingly, financial services institutions are focused on improving diversity within their workforce as a way to reduce risk and improve performance. Many organizations are implementing diversity and inclusion programs and creating targets for recruitment and advancement, including programs focused on supporting and training female MBA students. Many banks have increased the number of scholarships and training programs available for female students interested in careers in financial services.

Despite industry-wide efforts, capital markets remain highly male-dominated, with the highest proportion of women at the Analyst level and fewer women in leadership roles across all front-office departments (see Exhibit 4). On average, within the financial services industry, there are higher turnover rates for female employees, as well as lower rates of advancement. In other words, women are more likely to leave the industry and are less likely to be promoted than men, which exacerbates the gender-gap at all levels. Financial institutions have identified turnover as a key strategic lever for sustainability, and as a result, many leaders are looking for ways to improve employee experience without compromising quality and client satisfaction.

Interventions

Since the early 2000s, WCM, a Canadian national not-for-profit whose mission is to accelerate gender diversity in capital markets, has conducted industry-wide surveys and developed benchmarking statistics on gender diversity in capital markets. In 2012, after documenting minimal progress, WCM partnered with Catalyst to produce a report outlining barriers to diversity and provide employers with solutions. The report and ongoing work has increased the overall awareness of gender inequality within capital markets and has provided leaders with potential solutions.

Within the last decade, banks have made several changes to their recruiting processes, this has contributed to recruiting more diverse talent at the junior levels, but the impact on advancement is still unclear. Capital markets have consistently struggled to improve gender diversity. Capital markets leadership teams in Canada's largest banks are primarily male. Except for compliance departments, human resources and a few others, it is uncommon to find women in leadership positions.[37]

Individual or group-based interventions

Historically, interventions have focused on 'fixing the women,' relying on building individual skills, changing the choices that women make or altering their outlook on a problem. Examples include sending women for more training or creating a mentorship program that encourages specific behaviour or career choices for women. More recently, initiatives have focused on unconscious bias training in the hopes that managers will recognize their biases when hiring and promoting people in the organization. These types of interventions rely heavily on changing the attitudes and then subsequently the actions of individuals. For these types of interventions to be effective, organizations often rely on champions as well as gaining significant buy-in from leadership. Programs that are targeted at changing how women behave have not been effective tools for changing the overall culture, and in some cases, have been viewed as a 'checking the box' exercise. Some individual and group-based interventions are expanded on below.

Mentorship programs – in an effort to build relationships and impart business knowledge between senior executives and junior team members, some organizations have created mentorship programs. These programs are also available on an industry basis through WCM or the CFA Society of Toronto. The aim has been to increase transparency and awareness of job opportunities, career paths and what actions are required to advance. These programs also work to create more access to the formal networks often required to advance in capital markets.[38]

Skills training – Recruiting panels have emphasized the importance of presenting with confidence and speaking with authority. The ability to present facts without 'up talking' (speaking with an upwards inflection at the end of a sentence) and appear knowledgeable have been cited as critical to interview success. Women have been encouraged to attend public speaking classes and to work on their tone of voice in order to be taken seriously.

Unconscious bias training – hiring for fit is a key part of the capital markets recruiting process. Candidates must demonstrate their ability to think critically and communicate their knowledge of markets effectively, expressing confidence. Unconscious bias can become embedded into these processes and can lead to the wrongful removal of capable candidates from the hiring pool or eliminating a candidate based on assumptions about their ability. Understanding and identifying unconscious bias can help to mitigate the risk of excluding capable candidates; it can also help to reframe the skills required to be successful in a role. Many banks have implemented unconscious bias training for people leaders as part of their more extensive inclusion strategies. Unfortunately, research has shown that unconscious bias training can have adverse effects and may lead to more entrenched bias.[39] [40]

Structural interventions

Organizations have also implemented structural changes to improve diversity and gender equality within their capital markets teams. Structural changes directly impact the way work is done or the processes that individuals must take in order to complete their work. In some cases, structural interventions may reduce autonomy or individual authority by requiring certain steps are taken. Often, at least initially, structural changes require an administrator or authority figure to ensure that new processes are being adhered to. However, after new processes become norms within an organizational culture or practice, they may continue to exist even as people enter and exit the organization.

Hiring and promotion targets – to improve the pipeline of women entering capital markets, many institutions have focused on the entry-level and increasing the number of women joining their firm from school. Recruiting teams have increased their efforts to engage with female MBA, Master of Finance and JD/MBA candidates to bring more women through the door. The Women in Finance scholarships mentioned earlier is an example of a hiring related program. While these efforts have increased the number of women joining capital markets, it has also created a perception of preferential treatment and quota-based hiring. Women who have received job offers have to fight the impression that they were hired solely because of their gender not because of merit.

The 'Rooney Rule' – First implemented by the NFL, the Rooney Rule stipulates that a team must interview at least one minority candidate for coaching positions.[41] Some banks have adopted this rule and extended the definition to include gender and racial diversity. Interview pools must include at least one female candidate. A challenge with this approach has been that some candidates and hiring managers know that they are a 'filler,' creating bias from the outset of the interview process.

Balanced interview panels – to mitigate the risk of bias in the advancement process, firms have tried implementing hiring panels that use standardized questions. In this model, a team of leaders collaborate to identify who will receive a promotion or who is the right fit for a team. This process is still dependent on the perspective and opinions of those who have power. Women hold a small fraction of leadership positions and have a more limited voice when negotiating or supporting the case of a candidate. It can also be challenging to build gender-balanced interview panels, given the existing underrepresentation of women at senior levels.

Skills inventory for job descriptions – there is evidence to demonstrate that misconceptions about women's commitment to working in capital markets as well as opaque career paths contribute to decision-making during the hiring process. As a result, many banks have worked to actively recruit women and change their internal practices that increase stretch opportunities for a diverse group of candidates. Some have created job banks that list the required skills for a particular role, with the intention to improve clarity for job seekers and to limit room for interpretation by hiring managers. In theory, a candidate must meet all of the criteria for a job to be considered or promoted and it is clear to individuals who were not promoted what they must do in order to advance.

Posting jobs to wider networks – in the past, it was not uncommon for roles to be filled before a position was posted or for it to be circulated to a very small network of individuals, effectively limiting the candidate pool. Many banks are expanding the reach of their job postings by posting all open positions online. Making job postings more accessible increases the number of potential applications. In theory, anyone who has access to the internet is able to view and apply for a position.

Intervention effectiveness

Structural interventions have the potential to carry more weight within an organization and are more likely to be sustainable over time since they do not rely on the judgement of an individual or a group of people. By changing the formal rules within a system, structural changes may reduce unconscious bias that existed previously. In addition to the examples above, organizations may also prohibit activities that contribute to a personal advantage that are historically gendered exclusive (e.g., hockey tournaments or golf tournaments) or create transparent promotion processes to ensure all candidates who are eligible are aware of their consideration. Both of these actions have the potential to reduce barriers to entry for diverse candidates and level the playing field as they advance in their career. Interventions that aim to change how people make decisions without a corresponding support or incentive structure have been shown to be less effective.

Programs that encourage women to change their behaviour or modify their career goals have arguably helped to maintain the status-quo in capital markets and have not been successful in supporting long-term change. The specific impacts of individual program are difficult to discern since many are running concurrently; however, it is clear from qualitative research, that the experience of men and women in capital markets differ in many ways (see Exhibit 6). The extent that organizations are able to neutralize this difference and counter common misconceptions about gender differences (e.g., women's commitment to their work) may be important factors in retaining diverse talent.[42]

Dee's experience

Dee has been working in the M&A division of a prominent financial institution, for two and a half years. While completing her MBA, she interned in another branch of investment banking at a competing institution. She finds her job rewarding and describes the focus and dedication required to get a deal done as 'exhilarating.' Dee was one of four recipients of WCM fellowships and was able to learn more about capital markets through her internship and networking opportunities throughout her MBA.

Dee describes herself as an extrovert, strategic thinker, who enjoys solving problems and learning new concepts. Dee very much views herself as a team player and prides herself on her relationships with her family and friends from both undergrad and the MBA program. She is a great networker was drawn to capital markets, in part, because it requires that she use her technical and interpersonal skills. She has received positive reviews from her Director during her semi-annual check-ins but has been told she should work on her confidence. Since she is in a promotion year, she is concerned that this may hurt her chances of advancing. Recently, she was passed over to be the lead Associate on a new deal that would have been a perfect fit for her experience. No one has given her any indication why she wasn't chosen, and she is unsure if she should bring it up to her Director and risk appearing self-interested.

Additionally, a recent experience made her question her career choice. She had been working with the analyst on a critical deadline late into the night. Their Director called several times to give them both additional work, all with tight timelines. Dee and the analyst were able to get the tasks done and meet the deadlines set by the Director, but she was concerned that the expectations were unmanageable.

When she asked her VP about the additional work load, he emphasized that 'this is just the way it is' and that if she wanted to be successful, she would 'figure it out.' While Dee didn't necessarily consider her VP to be a mentor, she had always had a positive rapport with him, so this reaction took her back. Leaving the VP's office, she wasn't sure what to do.

Dee has been working steadily over the last two and a half years, often staying at the office late into the night and over weekends to 'get the deal done.' She is not alone, and many of Dee's colleagues work the same schedules and hold similar hours. Within her department, people pride themselves on fitting into a 'work hard play hard' culture. This includes never being far from their cell phone or desk. Dee is learning to golf so she can take part in tournaments with clients of the bank. Yet, given that Dee has been passed over for some high visibility projects, she is wondering if all of the hard work is worth it. She's happy to put in the hours, but she wants to know that it will lead to career advancement. Dee is starting to think about moving out of the M&A group, and she has been taking time to learn more about opportunities that exist elsewhere in the bank or in other sectors.

Leading up to promotion season, she is wondering if the organization is committed to her, and therefore if she should push for advancement, explore the opportunities that exist in other departments or look for outside of capital markets altogether**.**

Next steps: What can Dee's employer do?

Dee is an example of a talented and capable women in capital markets. She has a great experience and a desire to advance within her organization. However, she is at a crossroads in her career. Her employer has made public commitments to increasing diversity and yet Dee is feeling sidelined. How might her employer develop a meaningful solution to retain Dee and people like her?

Exhibit 1

Financial Services Industry Internal Labour Market – Labour Movement by Gender within Financial Services (2016)

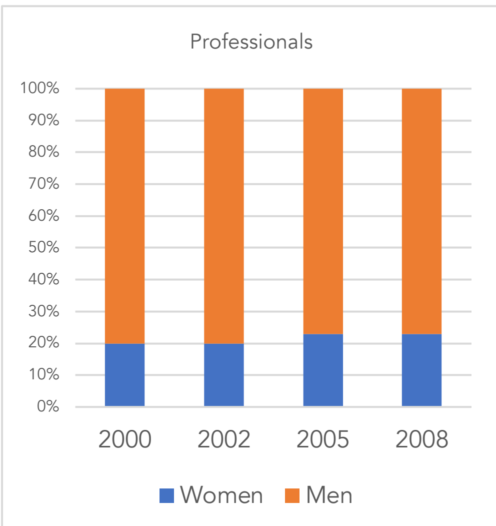
Role	**Total Hires**[1]		**Total Exits**[2]	
	Males	Females	Males	Females
Support Staff	21%	14%	17%	15%
Professional	12%	10%	10%	11%
Manager	10%	8%	8%	11%
Senior Manager	5%	8%	8%	10%
Executive	7%	5%	9%	13%

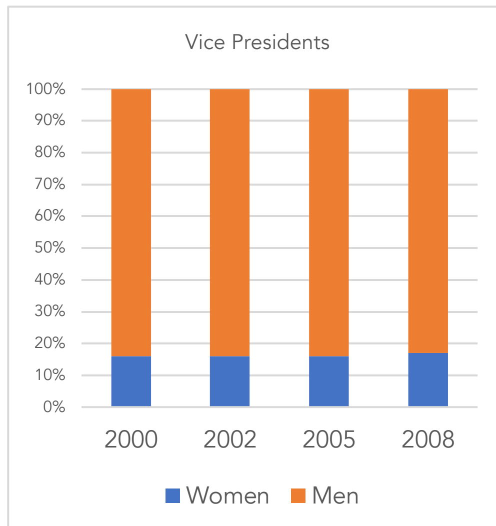
1 Total number of male/female hires divided by the total number of male/female headcount for a particular role
2 Total number of male/female exits divided by the total number of male/female headcount for a particular role

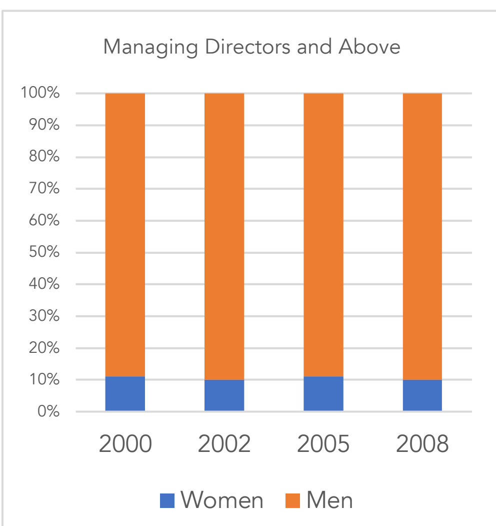
Source: Hobart, Julia, Emily Neman and Evgeniya Kasilnikova. 2016. "Women in Portfolio Management." *Women in Financial Services: A report by Oliver Wyman.*

Exhibit 2

Overall Women's Representation in Capital Markets by Level, excluding Administrators 2000 - 2008







Source: Morgan, Candice, Meryle Mahrer Kaplan, Sylvia Apostolidis and Jennifer Kohler. 2012. "Women and Men in Canadian Capital Markets: An Action Plan for Gender Diversity." Retrieved Dec. 5, 2018 (https://www.catalyst.org/system/files/women_and_men_in_canadian_cap_mkts.pdf).

Exhibit 3

Financial Services Industry Internal Labour Market – Total Promotions[3] by Gender within Financial Services (2016)

Role (Promoted to)	**Males**	**Females**
Professional	8%	6%
Manager	7%	5%
Senior Manager	9%	6%
Executive	6%	6%

Total Promotions = Total number of female/male employees who were promoted out of each standard level into the next level divided by total female/male headcount at the pre-promotion career level

Source: Oliver Wyman. 2016. "Women in Financial Services 2016." Retrieved Jan. 11, 2019 (https://www.oliverwyman.com/our-expertise/insights/2016/jun/women-in-financial-services-2016.html#.V36kx_krKUI).

Exhibit 4

Representation of Women Across Industries by Level, North America, 2018

Asset Management & Institutional Investors

Role	**Males**	**Females**
Entry Level	54%	46%
Manager	61%	39%
Sr. Manager/Director	67%	33%
VP	72%	28%
SVP	79%	21%
C-Suite	81%	19%

Banking & Consumer Finance

Role	**Males**	**Females**
Entry Level	44%	56%
Manager	58%	42%
Sr. Manager/Director	61%	39%
VP	69%	31%
SVP	75%	25%
C-Suite	76%	24%

Source: McKinsey. 2018. "Women in the Workplace." Retrieved May 5, 2019. (https://womenintheworkplace.com/).

Exhibit 5

RBC Capital Markets Diversity & Women Scholarship Landing Page

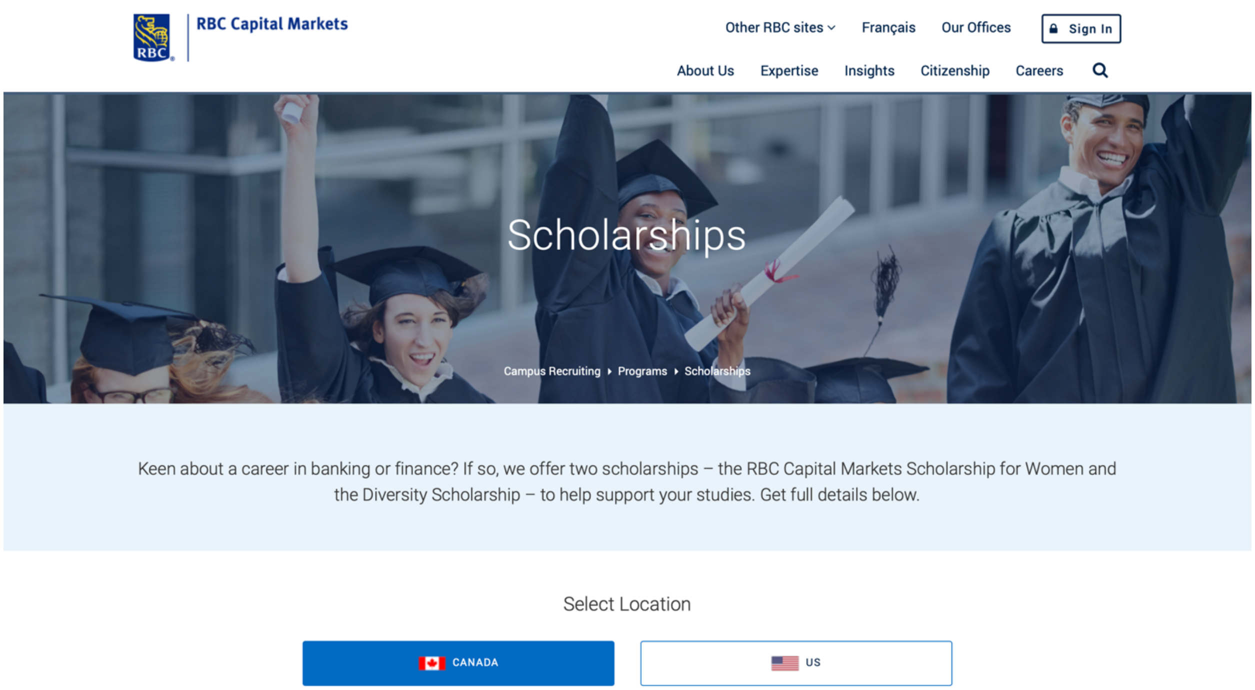
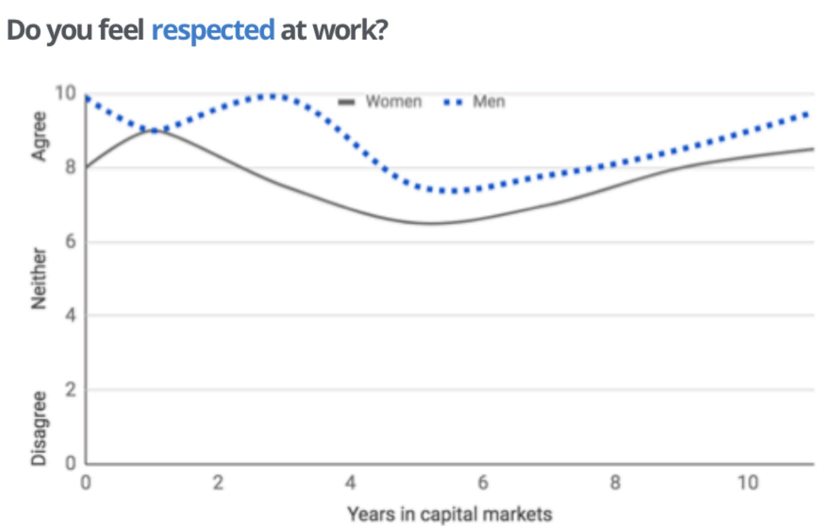


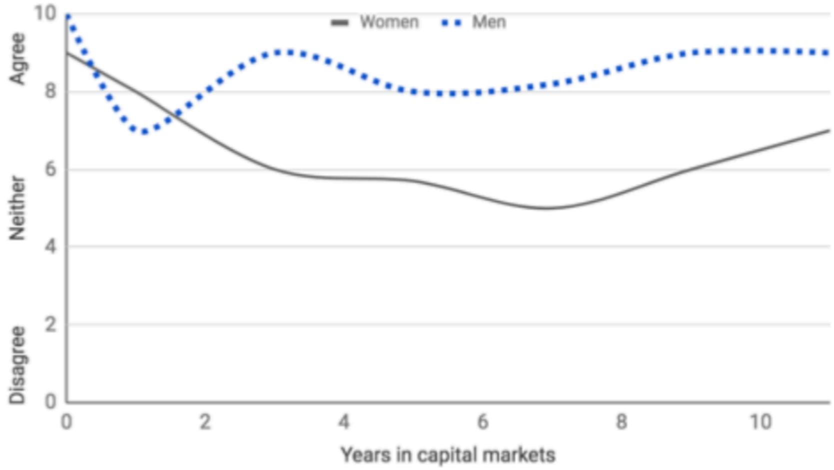
Exhibit 6

Results from the Women in Capital Markets eemerge Consulting survey on employee sentiment and experience within capital markets



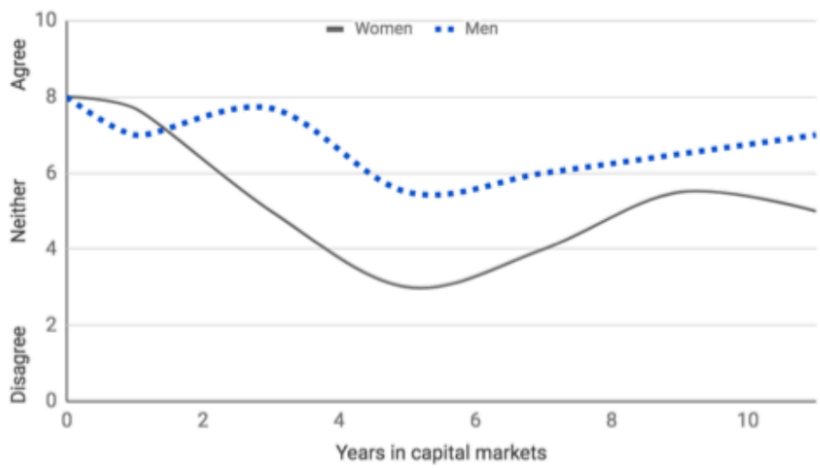
Source: eemerge Consulting & WCM

Do you feel challenged at work?



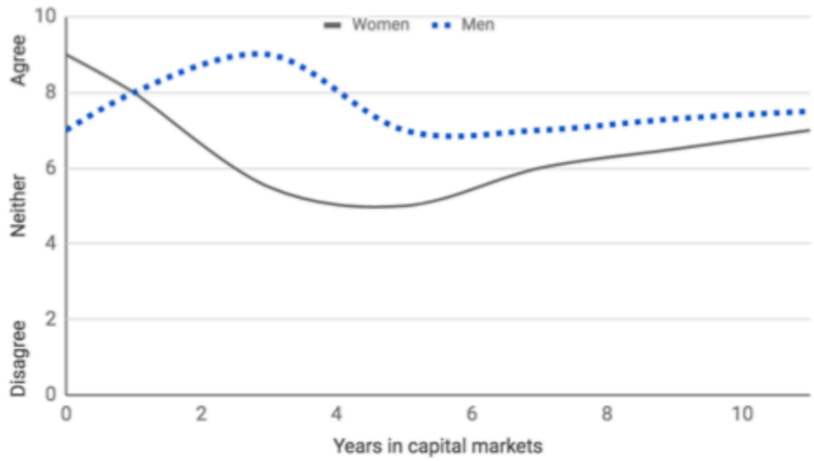
Source: eemerge Consulting & WCM

Do you feel important at work?



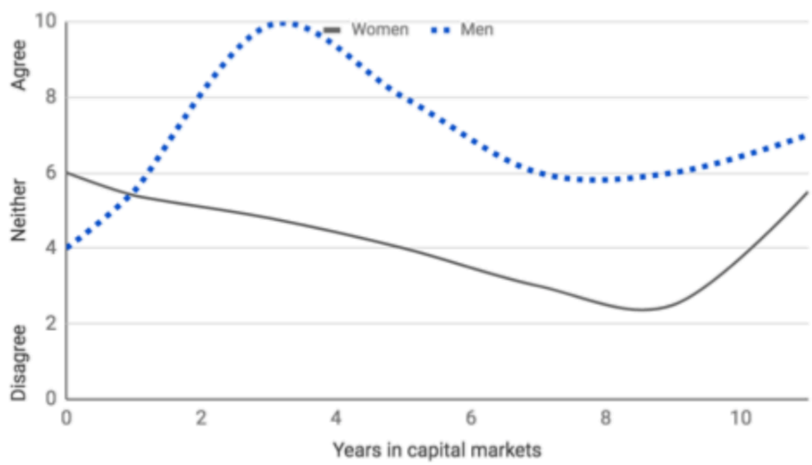
Source: eemerge Consulting & WCM

Do you feel supported at work?



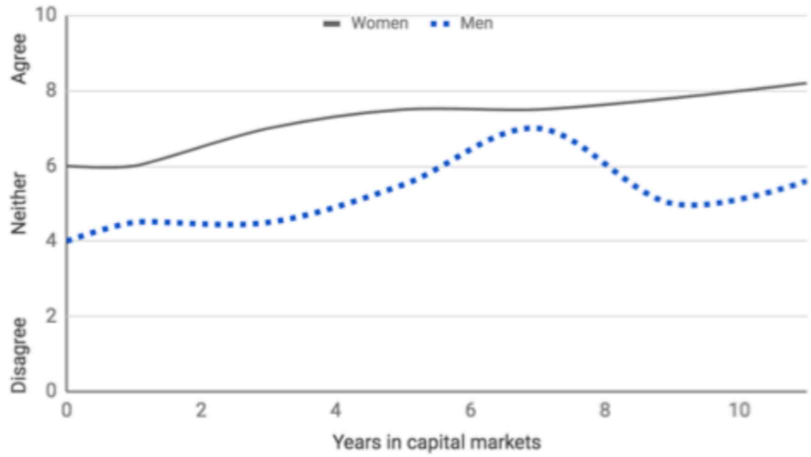
Source: eemerge Consulting & WCM

Do you feel fairly compensated at work?



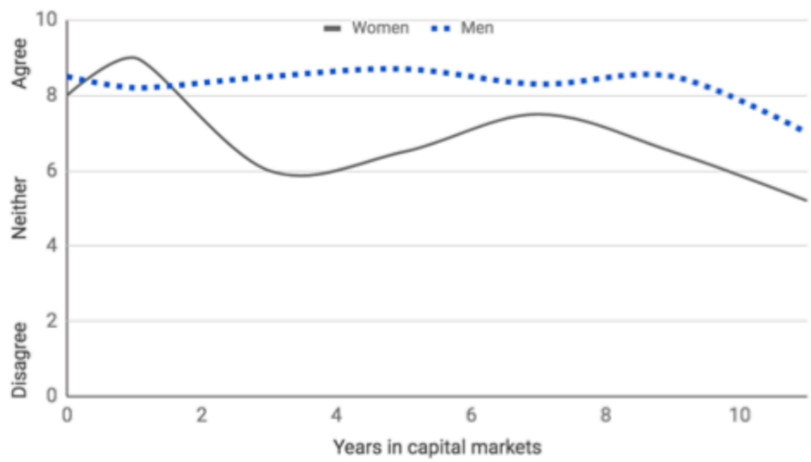
Source: eemerge Consulting & WCM

Do you feel **frustrated** at work?



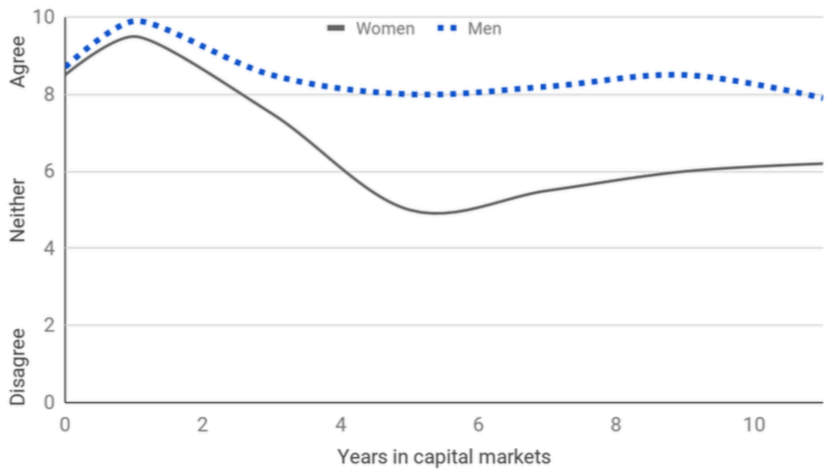
Source: eemerge Consulting & WCM

Would you describe your manager as a **role model?**



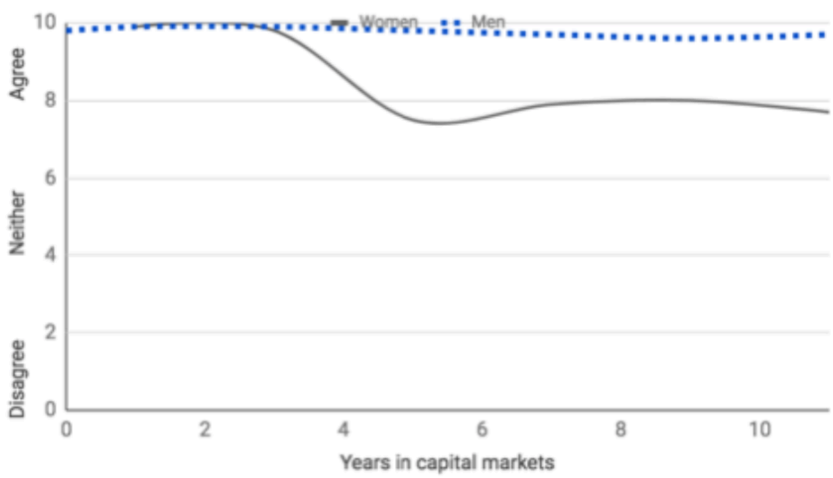
Source: eemerge Consulting & WCM

Would you describe your manager as a **effective listener?**



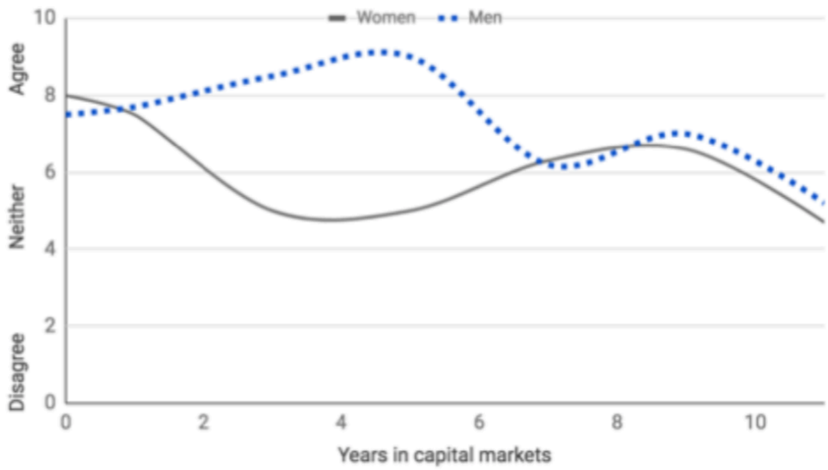
Source: eemerge Consulting & WCM

Would you describe your manager as **respectful?**



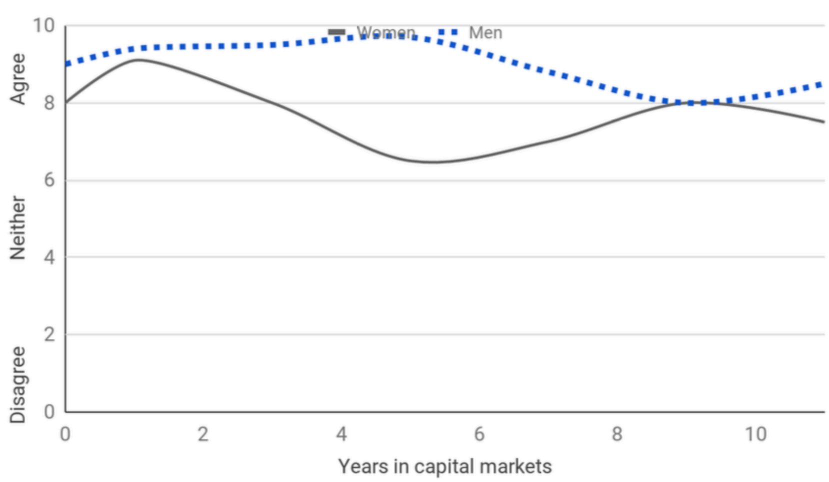
Source: eemerge Consulting & WCM

Would you describe your manager as a mentor?



Source: eemerge Consulting & WCM

Would you describe your manager as a accessible?



Source: eemerge Consulting & WCM

Source: Sutton, Camilla. 2018. "Accelerating Gender Diversity in Finance Through Leadership, Transparency & Culture Change." Presented at Women in Capital Markets: Accelerating Gender Diversity in Finance Through Leadership, Transparency and Culture Change, Vancouver, March 20, 2019.

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[42] See: Turco, Catherine J. 2010. "Cultural Foundations of Tokenism: Evidence from the Leveraged Buyout Industry." American Sociological Review 75(6):894-913. Further, a study evaluating the existence of double-standards in financial services examined recommendations submitted to an online forum by men and women in investment and trading roles. The researchers hypothesized that a double standard would exist if recommendations written by men received more favourable reviews than recommendations written by women. However, the research study found evidence of an 'access' double standard between men and women. Specifically, investment recommendations made by female investment professionals were less likely to receive attention relative to recommendations made by male counterparts. However, once recommendations were viewed there was no discernable gender disadvantage or double standard within the evaluation process. This study presents evidence to suggest impartiality in the evaluation of empirical capabilities, which is important at entry level stages of capital markets. However, for hiring and promotions, candidates cannot be evaluated if they are not screened in or selected for an interview. The evidence from this study suggests that recruiting programs or structural interventions that reduce search costs for evaluators and include diverse candidates in the interview process may help to improve the gender balance within capital markets at early stages. However, it is important to note, that the study focused on evaluation of observable and objective criteria (i.e., empirical evaluation of a security). The study does not focus on subjective criteria which becomes more important as seniority increases. It is unclear whether this result could be replicated with more subjective evaluative criteria. Botelho, Tristan and Mabel Abraham. 2017. "Pursuing Quality: How Search Costs and Uncertainty Magnify Gender-based Double Standards in a Multistage Evaluation Process." Administrative Science Quarterly 62(4): 698-730.