

Gender Inequity On Wall Street

The following article, recently published in The New York Times, discusses gender disparity on Wall Street. Linda Bialecki, President of AESC member firm [Bialecki Inc.](http://www.bialecki.com), specializes in searches in investment banking, capital markets, sales, trading, research and product development. Ms. Bialecki commented on this article:

“This New York Times article is one of the few that gets to the core of why women leave Wall Street. It is not about lifestyle change. They leave because they are not recognized or rewarded on par with men for their efforts.

Fortune 500 companies rate a higher percentage of women investment bankers as their top advisors (for details see survey results in the Diversity/Talent section at www.bialecki.com). Yet these same women, as we track their careers, are being paid less and promoted later than their male counterparts.

Those investment banks who want to attract and retain talented women should start by eliminating this inequity.”

Women’s aversion to intersecting with Wall Street appears to be mounting: Generation Y, also dubbed the “Millennials,” say they value balance more than financial security, suggesting fewer will gravitate to the cutthroat environs of the Street. Bank executives say fewer female M.B.A.’s are choosing careers on the Street, and the banks also say they have had limited success stanching the flow of women who leave midcareer. Of course, not all women leave to raise a family. Some elect to care for parents who are aging or ill; others seek alternative careers with more manageable hours.

According to interviews conducted by Universum, a company that helps employers brand themselves to attract employees more effectively, current female undergraduate and graduate students at top universities express hope that Wall Street will be both a manageable place to work and a melting pot. But those two characteristics do not describe the reality behind the largely 24/7, white male environs of the world’s financial capital.

“It’s not looking that great for the investment banks if you think that the new generation is interested in social responsibility, high ethical standards and work-life balance,” said Claudia Tattanelli, head of Universum’s American and Asian-Pacific operations. “In the past, it was competitive compensation, a good career reference — prestige and financial strength. Work-life balance was No. 3 or 4.”

Investment banks and brokerage firms typically lose women when they are in their 30’s, executives say. Expected to ramp up to reach coveted managing director jobs, many women feel that midlevel jobs offer them little while demanding a lot. Pulled to have

children and pushed by a less-than-rewarding workplace and often uninspired midlevel management, they leave.

“Midrange associates and vice presidents, that’s often the area of danger for most firms,” said Alice Wang, a managing director at J. P. Morgan who has had flextime and telecommuted for 10 of her 22 years at the bank. “People feel they aren’t getting visibility fast enough. I’d be lying if I said it didn’t happen. It happens.”

All of this has accompanied a subtle but crucial sea change for women throughout the business world. Twenty years ago, the gender debate centered on breaking the so-called glass ceiling that kept women out of executive suites, gaining equal access to the workplace and securing equal pay for equal work. Today, concerns more often revolve around reshaping the very architecture of Wall Street work in order to keep women involved, including compensating managers for achieving diversity goals and reaching out to female employees with families.

Banks say they realize that women’s needs are often distinct from those of their male counterparts and they are grappling with responses. Even some of Wall Street’s most hard-driving bosses have made gestures toward the value of equilibrium. Speaking to Harvard Business School’s graduating class this spring, Henry M. Paulson Jr., then the chief executive of Goldman Sachs and now the Treasury secretary, asserted that work-life balance should be an important element in every individual’s life.

For their part, female financiers have become more aggressive about demanding fulfilling careers and family lives, and they say they are willing to walk away from firms that fail to meet those needs.

“The first generation was about access of opportunity,” said Sylvia Anne Hewlett, president of the Center for Work-Life Balance. “It worked. It got us there. Now we have to learn not to lose the talent at 35.”

In March 2005, Ms. Hewlett co-wrote a Harvard Business Review article summarizing the findings of a private sector task force, “The Hidden Brain Drain: Women and Minorities as Unrealized Assets.” The task force, which Goldman Sachs and Lehman Brothers sponsored, surveyed 2,443 “highly qualified” women — with high-honors undergraduate, graduate or professional degrees — about their work patterns; among the women in the survey with children, 43 percent reported that they had left work voluntarily at some point in their careers. Of those, 93 percent wanted to return; 74 percent managed to do so, though only 40 percent of that group did so full time. Only 5 percent of women looking to return to work wanted to return to the places they had left. For those returning to business jobs, however, that figure was zero.

Wall Street has a treacherous history when it comes to recruiting, managing and retaining women. Harassment lawsuits like those involving Smith Barney’s infamous boom-boom room of the 1990’s to more recent judgments against Morgan Stanley and

Merrill Lynch have revealed flagrantly discriminatory behavior and compensation practices untethered from the notion of equal pay for equal work.

On average, women represent 33 percent of top banks' analyst class, those who have just graduated from college, according to data provided to The New York Times. They represent only 25 percent of incoming full-time associates (those who have M.B.A.'s). Women constitute just 14 percent of managing directors, the top executive tier at most banks. "You leave a lot of money on the table with what might have happened if you could have attracted the talent you wanted," said Steven D. Black, co-head of J. P. Morgan's investment bank.

To be sure, the Street's overtures to women wanting back in the game have become more sophisticated in recent years. In November of 2005, Lehman ran "Encore," a seminar geared toward helping women return to the Street, educating them about what they had missed, assisting them in overhauling their résumés and reacquainting them with top management. In the spring, Lehman replicated the program in London, and another is being contemplated for Asia.

Goldman Sachs ran a similar program in May and its popularity inspired another event for this fall. Citigroup will sponsor an 11-day executive education course at Dartmouth College's Tuck School of Business this fall to encourage women to revisit the Street.

"The work force of tomorrow is at home," said Patricia David, global head of diversity and talent management at Citigroup's investment banking unit. "They are not old or retired. They are in their 40's and 50's."

For all of Wall Street's best intentions when it comes to recruiting women, the structure of the business often appears to drive the sexual diversity of its work force. While many women look to flexible schedules and part-time work to overcome Wall Street's grind, those ideas do not often meld well with around-the-clock client service.

Even among the new recruitment programs aimed at women, the numbers are anemic: Goldman has hired four women through the recruitment effort it began in May, while Lehman has hired 15 since starting its program last fall.

"Has the Street changed?" asked Janet Hanson, a former Goldman Sachs banker who founded 85 Broads, a network devoted to professional women. "No, it's a brutal business. It's fun, but you are working weekends and until 2 a.m., and a lot of men and a lot of women, without any bitterness, are saying, 'No thanks.' "

While wooing women back to the Street is daunting, the pipeline of new female talent also appears to be stagnating. At almost half of the nation's top business schools, fewer women will make up the class of 2007 than that of 2003, according to the schools' data. Columbia Business School, a top feeder to Wall Street, has seen its class size grow 5.5 percent from 2003 to 2007; women represented 36 percent of the class of 2003 but 34 percent of the class of 2007. According to Universum, 13 percent of 881 first- or

second-year women at top-tier M.B.A. programs chose Wall Street as a preferred industry in 2002: by 2006, that figure had fallen to 6.9 percent (and that from a larger sample size of 1,603 women).

Among the reasons? Generation Y cares less about money if it comes at too high a price, says Universum, throwing a wrench into Wall Street's past assurance that it could demand cultlike devotion from employees in return for fatter paychecks than any other profession. "The days of the psycho-workaholic with no work-life balance are numbered," said Lehman's Mr. Gregory. "It's just not a recipe for success."

What's more, the salary gap on Wall Street between men and women is among the largest of any industry. According to a recent study by the U.S. Department of Labor, women working full time in finance and insurance earn about 55% of what men in that industry earned last year, the widest gap of any sector.

To draw more women, Lehman has a bonus pool that rewards "inclusion" in its recruiting efforts and it has invested heavily in technology to enable trading from home. Goldman and Lehman say "on-ramping" — helping veterans return to the work force — will become an important part of their recruiting strategies. J. P. Morgan has built smaller networks of professionals around specific functions, including trading. The bank is considering running simulated trading runs for female summer interns with the thought that women might display raw talent more comfortably without men around.

"The real difference between today and 5 or 10 years ago is that now everyone recognizes that there is a true business case for having a diverse work force," Ms. Wang from J. P. Morgan said. "You don't have to justify that diversity is good. We've all concluded we want the top talent, however it comes."

For Wall Street, new recruits rarely get any more promising than Lucia Bonilla.

Ms. Bonilla is a 22-year-old, 5-foot-tall Princeton graduate with a degree in operations research and financial engineering. In addition to core classes focused on statistics and engineering, she studied financial modeling and optimization, a subject many well-educated graduates might be challenged to define.

This fall, Ms. Bonilla will start a job on the sales and trading desk at UBS, the Swiss investment bank. One of her main reasons for picking UBS may seem surprising: "I saw pregnant women on the trading floor, three or four of them," she said. She also knew a female managing director at UBS who had five sons under 12. "Not all women want to have children, but in the future I may want to and it was reassuring to walk around the floor and see that it was possible."

Banks have an interest in making sure that women like Ms. Bonilla keep seeing the possibilities because they tend to lose valuable employees like her when they reach their 30's.

“It’s hard to work for four years, go to business school, spend three years slaving away in an investment bank or consulting firm and then try to leave to start a family,” said Thomas Caleel, director of admissions and financial aid at the Wharton School of the University of Pennsylvania. “They haven’t achieved the seniority they need at that point.”

To try to counter this trend, Wharton and other business schools are focused on recruiting younger women. Wharton’s incoming class this fall will have twice as many students with zero to four years of work experience as it did last year, partially because of more applications from that demographic but also in an attempt to get women into business sooner.

But even if younger women sign on, and women who have opted for more family time come back, Wall Street will still have to grapple with the long hours and the lack of flexibility that a career there demands. They will also have to confront the fact that real-world information on the Internet tends to undermine the banks’ recruitment efforts.

There is certainly a percentage of women on the Street who are not seeking changes — they shun special-interest groups or networking efforts designed around women, and they scoff at the idea of unique needs. But bank executives say those women are in the minority on Wall Street.

“If companies want to retain their best people, doing things the old way won’t work because they won’t meet everyone’s needs,” said Citigroup’s Ms. David.

Source: The New York Times 6 August 2006 by Jenny Anderson (Excerpt)