

## COMMENT

# How to retain women in senior positions in private equity

Exclusive: a recent study led by YSC and Level 20 has confirmed that women in PE continue to face barriers, but identified positive developments for firms to build upon



Rosanna Trasatti: There is no one size fits all or quick fix in terms of how firms can retain women. — Photograph supplied by company

**By Rosanna Trasatti**

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The private equity industry is in a better position than it has ever been to retain female professionals. Increasing numbers of female hires at junior levels presents an opportunity to improve representation at the top and leaders are committed to addressing the issue.

That said, despite the intent and investment behind this agenda, progress remains slow. Firms need to unearth what is inhibiting faster progress and identify ways of retaining and supporting women advance in their careers.

To explore what enables and inhibits retention, and how firms can tackle the issue, YSC Consulting partnered with Level 20, a not-for-profit organisation dedicated to improving gender diversity in private equity, to survey and conduct in-depth interviews with 25 women in senior investment roles in the UK and Europe.

While the study confirmed that women continue to face barriers within the PE industry, several positive developments for firms to build upon emerged. PE remains an appealing career choice for women, with a significant number of our interviewees suggesting their unique strengths and capabilities serve an advantage. Most participants believe their leaders are committed to diversity and inclusion and plan to stay within the industry to help improve gender balance from within.

These positive forces are accelerated by a climate ripe for change with external pressure mounting, ESG focus intensifying and the pandemic re-shaping working patterns.

There is no “one size fits all” or “quick fix” in terms of how firms can retain women. What is needed is long-term systemic change and for senior leaders in the industry to tackle diversity and inclusion issues strategically and continuously.

The interviews revealed challenges and recommended actions, which YSC distilled into five drivers of change: leadership, culture, transparency and fairness, family life support and supportive working environments.

## **Leadership**

Leaders have a disproportionate impact on whether senior women stay or leave PE because of their influence over the culture, practices, and behaviours of the firm. Supportive, developmental leaders were instrumental in women staying, while poor behaviour, lack of management capability, and limited investment in leadership development contributed to women leaving, with two-thirds of participants referencing these impediments.

To overcome these obstacles, firms need to clearly define what they expect from their leaders and set high standards for creating an inclusive workplace, holding them accountable for this through performance reviews, hiring processes and reward decisions. Training to improve core skills, such as coaching and performance management, is also recommended.

## **Culture**

Leaders can use their influence to signify the importance of the diversity agenda for growth. Alongside this, recruiting women to senior positions provides valuable role models for junior women and helps to challenge the entrenched norms and drive culture change.

Providing flexible-working opportunities also supports inclusivity as it signals trust and empowerment, promoting acceptance of different preferences and transparency within the culture.

Two-thirds of the women interviewed spoke of experiencing male-dominated cultures that led to feelings of exclusion. This is often triggered by male-centred social events and networks, a lack of

relationship-building opportunities with seniors and a coalescence around non-inclusive cultural norms.

## **Transparency**

The women interviewed by YSC felt a meritocratic approach to recognition, progression and reward would level the playing field, accelerate more women to the top, and drive better retention. Performance reviews that lack rigour and evidence increase the risk of gender bias influencing appraisals, thus demotivating women and reducing their desire to stay.

Progression needs to be linked to evidence-based feedback on how someone operates and what they deliver. Recognition should be given to a broader set of attributes to avoid over-weighting typically male characteristics.

## **Family life support**

Sophisticated and nuanced family life support is crucial for firms to help employees navigate different career phases, particularly during parenthood.

Our interviewees spoke of parental leave leading to “lost ground” in origination pipelines and difficulty re-gaining one’s position. This can be avoided by enabling a smooth exit and re-integration through up-skilling line managers, offering scope for different types of contributions, and combining internal support with external coaching.

Beyond helping women balance personal and work commitments, flexible family life support is increasingly becoming something all PE leaders benefit from.

## **Supportive environments**

A feeling of connection within and outside the firm is critical to wellbeing and retention. Achieving this depends on a combination of strong peer-to-peer networks, formal mentorship (from senior women and men) and sponsorship that provides consistency in the “informal” channels offered to men and women.

In short, structured interventions can ensure women build connections, demonstrate credibility, and gain visibility at the most senior levels. This includes formal women-led mentorship programmes, senior sponsorship, and putting women in touch with male allies for advice and support.

## **An inclusive future**

Focusing on the aforementioned drivers will help firms further bridge the disconnect between the

intentional effort many of them have been putting into diversity and inclusion, and impact in terms of improved retention and progression of women to senior positions.

Looking ahead, company cultures need to be shaped to leverage the advantage of diverse identities, experiences and capabilities, which can only be achieved through sustained, practical and targeted action. The consistency of findings expressed candidly and courageously by the women YSC interviewed provides a powerful case for accelerating efforts and an imperative for the industry to continue laying the foundations for a more diverse and inclusive future.

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