



MIND THE GAP

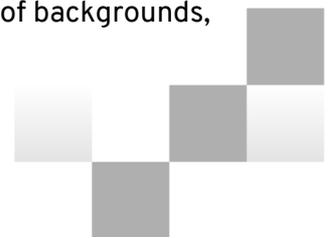
How Aerospace and Defence is Letting Female Talent Fall Through the Cracks.

There are more women in executive leadership positions in aerospace and defence than ever before. From CEOs Phebe Novakovic at General Dynamics and Kathy Warden at Northrop Grumman to Ruth Cairnie as Babcock's chair, women have never been more visible in leaderships positions in aerospace and defence than they are now. Coupled with the record intake of female STEM candidates into graduate roles into our industry and the picture looks pretty rosy. And yet this disguises the reality that there is not only a lack of female talent at mid to senior roles across industry but that the talent pipeline for leadership positions remains male dominated and there are indications post-pandemic that it is dwindling, with sociologists forecasting a widening in the gender pay gap in the 2030s, an indication of fewer women in leaderships positions in the future. These factors, paired with another recent survey reporting a decline in trust in female leaders for the first time since records began points to a Gender Power Gap that urgently needs addressing. Female talent needs to be attracted to the sector and developed into mid to senior roles now, rather than sit in complacency until the current increasingly female graduate cohort to develop into leaders in twenty years.

What Difference Does Having Diverse Leadership Have?

Shareholders are continuously pushing boards to do more around diversity and ESG but how much of this is doing the right thing because it actually makes a difference to a business versus appearing to do the right thing for the sake of the annual report?

When we speak to those involved in senior leadership and board level meetings, all agree to experiencing a tangible difference when women are in the room. "Women challenge the status quo", "there is a better quality of conversation", "there's a more collegiate approach" are all comments that are repeatedly raised when speaking to senior leaders about what benefits this type of diversity can bring. The challenges the sector faces are unprecedented, with increasing cost and timeline pressures on the supply chain to achieve a sustainable industry, solutions for challenges are found in the creation of ideas. A team with narrow experience, behaviours and approaches will create narrow solutions. A team with a breadth of backgrounds, behaviours and approaches will create multiple solutions.



BAE Systems are urging employees to step out of their comfort zone, with recent training challenging hiring managers' unconscious bias, making people confront their own biases and leaving some participants with a deep sense of discomfort in reflecting on their own behaviours and actions. 'It's the best training I've ever had' is the overwhelming feedback. This provides the tools to managers who perhaps don't have diverse teams and leads them to be more able and willing to have conversations during succession planning meetings about what they are going to do to address it.

One of the reasons for reported underrepresentation of women in our industry is that it is 'traditionally male'. An acceptance of tradition in the composition of our workforce is in stark contrast to the aggressive innovation industry has displayed, and indeed requires, to succeed in major projects affecting the next generation such as Tempest and Net Zero. So why do we accept slow progress in developing women into senior roles when we would never accept slow progress in share prices, profits or product innovation?



“Unless told something is important, execs won’t do it”. With the help of pressure from increasingly ESG conscious investors, senior leaders are trying to find ways to incentivise their teams to make progress in promoting diversity into their teams. They may wish to look outside industry for inspiration – businesses are increasingly tying execs’ long-term bonuses to diversity, ethnicity and carbon reduction targets. And if businesses won’t take affirmative action on populating the vacuum of female talent in senior positions and addressing the Gender Power Gap, there’s increasing evidence that government will. In November 2022, the EU passed a law that requires listed EU companies to have 40% of NED roles be filled women or one third director roles by 2026. If there are two candidates for a position who are equally qualified, the business must hire the candidate who is from the most underrepresented gender on the team. In just 3 years, if this is not achieved, it could result in hefty fines or naming and shaming for businesses who fail to adhere to this piece of legislation. This legislation has been ten years in the making so EU companies have little reason to be unprepared for this target. Indeed, some UK companies, like QinetiQ, are streets ahead, having women already occupying over a third of their leadership positions.

In summary, it seems shareholders take the Gender Power Gap seriously, legislators take the Gender Power Gap seriously but there is increasing evidence that there is little trickle down effect to incentivise employees to be invested in the importance of diversity in leadership. A recent survey has suggested trust overall in female leaders is declining, with less than half of respondents (47%) answering that they were ‘very comfortable’ with a female leader compared to over half (54%) in 2021. This paired with a scarce pipeline of women with executive leadership potential confronts industry with the possibility of our industry being male dominated continuing for the next generation of talent in charge of major programmes.

Acting on Risk

One of the primary concerns of leadership teams is risk mitigation. The risk of having a group of homogeneous leaders seems to be recognised, with diversity programmes being a must for leadership teams today. Yet there is perceived risk in affirmatively promoting the development into leadership of one group of peoples at the detriment to another. Some more risk-taking hiring managers I've spoken to simply don't advise their businesses that they only interview female candidates. Ironically, these are the sorts of all female teams that are parroted as success stories for gender diversity and indeed have the impact of swelling the pipeline for female leaders. It is unhelpful for leadership teams to know how far they can push affirmative action when legal counsel varies so widely across business. Some may counsel that all female candidate lists are to be promoted, some counsel that they should be considered but not advertised whereas others advise they are discriminatory. In a similar vein, some I have spoken to have taken issue with all female mentor programmes, not because it excludes deserving male candidates, but because it suggests women need more help developing their skills than men do when it's other issues such as unconscious bias or an inflexible working environment which stops many women from succeeding into leadership roles.

Leading the Way Forward by Pushing Back

So where then does that leave leaders who need to evidence that not only is closing the Gender Power Gap important to them but that they recognise the value having diversity of thought in leadership and that unlike the reported two thirds of businesses in our industry that don't have action plans to match their diversity targets, they are willing, able and enthusiastic about promoting women into leadership positions. A good start, according to those I've spoken to, is how much push back you get. "The more push back you get, the more you know you're on the right track. Because you don't make a breakthrough in culture without friction." It's important to remember that gender does not determine the ability to lead and be successful. But when you consider some of the pioneers of our industry; Ada Lovelace, Alan Turing, Hedy Lamar; it's obvious the contribution diversity of thought has to breakthroughs in innovation. Without affirmative action to swell the development of female and diverse talent now, we risk a widening of the Gender Power Gap, a risk to progress and countless potential missed opportunities for breakthroughs.

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