

The Gender Gap

Why Men and Women Experience Work Differently

September 2017

Introduction



47%
of the U.S. labor
force is female
(as of 2010).

Gender diversity matters. Companies that have greater gender diversity are more likely to outperform industry medians in terms of financial performance, and greater diversity in leadership roles is associated with an increased rate of organizational innovation. The U.S. Labor Department says 47 percent of the nation's labor force as of 2010 was female, and women are projected to compose over half of the increase of labor growth through 2018. Despite this, the productive potential of women may not be fully utilized — in entrepreneurship, for example, the International Labour Organization estimates that 50 percent of women's productive potential is underutilized, versus 22 percent for men. Fully utilizing all aspects of the workforce can help the economy realize its full potential.



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An increased focus on engagement is one approach to maximize this utilization. More engaged employees are more productive, are less likely to voluntarily leave their organization, and drive more positive business outcomes compared with less-engaged employees. In other words, engagement is one of several factors that can help improve organizational performance. However, increasing engagement is not as simple as “just add water.” A deeper understanding of employees' work experience (i.e., the engagement drivers) is necessary to fully recognize the benefits of engaging your workforce.

The insights in this paper were generated from a subset of Aon's global employee engagement and culture data collected in 2016. These data represent nearly 400,000 employee responses to 60 items commonly asked on employee engagement surveys. The responses come from organizations of as few as a few hundred to complex, global organizations. More than 60 industries are represented in the study.

At the overall level, our data reveal that men and women generally report very similar engagement levels. Because of this, it could be tempting to assume that men and women have the same experience at work. But, as is often the case, the devil is in the details: Digging into the drivers of engagement (e.g., career opportunities, perceptions of pay, perceptions of leadership, etc.) as well as additional demographics such as tenure, age, and organization level reveals significant and critical differences in how men and women experience their work.

We contend that the issue of gender and engagement is an important one since differences help illuminate unknown areas of opportunity within organizations to positively affect morale, culture, and potentially (as stated above) firm performance. Although it's impossible to take action on every possible demographic slice of your organization, taking a “one-size-fits-all” approach could be missing critical nuances that could significantly enhance your employees' time at work. We will highlight key points from Aon Hewitt's global engagement database regarding differences in engagement drivers between men and women, discuss possible reasons for those differences, and provide suggestions on what your organization can do to eliminate them.

Men and Women: Different Drivers, Different Levels

Aon Hewitt's global engagement data has uncovered some remarkable differences between men and women around several key engagement drivers. As a result, part of your workforce could be having a less-than-optimal work experience because of inequalities, whether actual or perceived.

Overall, 63 percent of men and 62 percent of women are engaged. No big deal, right? But when we look at the drivers of engagement, we see three significant themes emerge:



Issues around trust

Women are less likely to feel that action will be taken on issues of workplace fairness (57 percent for women, 62 percent for men), and also less likely to think that organizational leadership is worthy of trust (61 percent for women, 66 percent for men). This is consistent with a 2010 study from the Center for Creative Leadership, which found that women trust their bosses less than men do. What makes this even more important is that women are more trusting of others outside the workplace, such as of their neighbors or people they interact with in public. This study also found that when trust is high, employees are more likely to stay with the organization.



Low Empowerment

Women feel less challenged at work (66 percent for women, vs. 71 percent for men), and feel like they have less influence in decisions than their male counterparts do (57 percent vs. 62 percent). Women who promote themselves and their achievements are seen as violating the roles expected of them (Rudman, 1998), and women who talk a lot in the workplace — especially those in leadership positions — may be seen as too controlling.



Concerns about pay

While the discussion of discrepancies between pay for men and women is an ongoing and highly public one, the research shows that women feel that the results they get at work are not as connected to their pay (47 percent of women agree with this statement, vs. 52 percent of men). According to the American Association of University Women, which researches and advocates for women and girls, women who worked full time in 2015 earned an average of 80 percent of what men earned. The AAUW also says that the rate of change has slowed since 2001, meaning that women are projected to reach pay equity with men in 2152.

Where Could These Differences Be Coming From?

Rookies vs. Veterans: The Tale of Tenure

Across our database, we see a curvilinear relationship with engagement and tenure: Both men and women come into an organization highly engaged, become less engaged over the course of their first five or so years, and then steadily become more engaged as they become highly tenured.

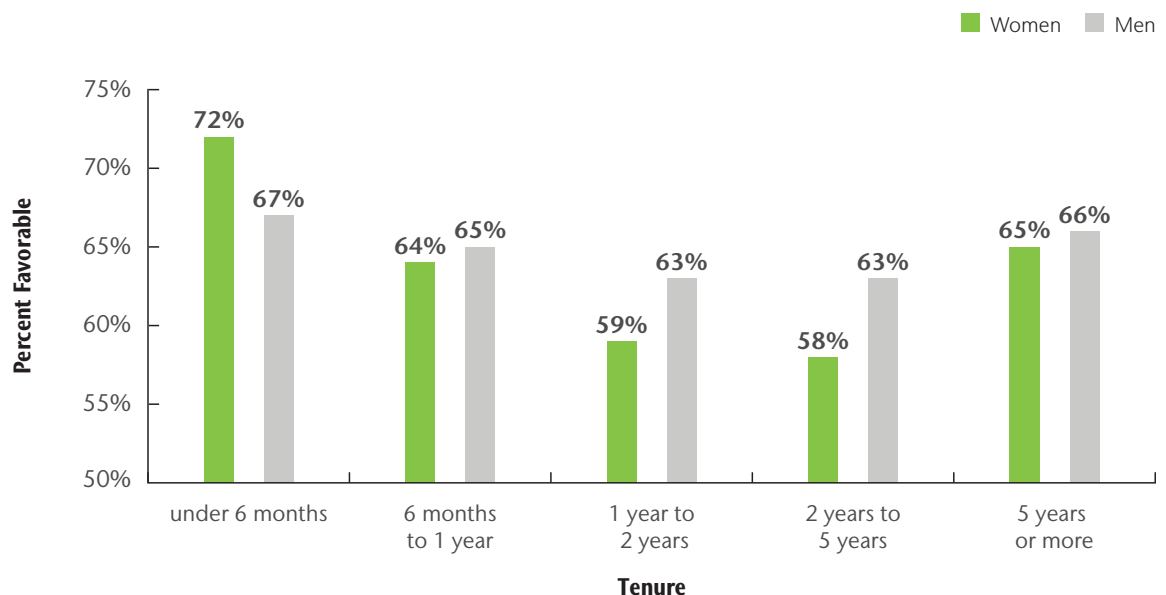
While this is interesting enough on its own, the difference between men and women in this curve is even more striking. In the first two years after taking a new job, engagement drops 13 points for women and 9 points for men. This suggests that the early experiences for women and men may be very different.

Why might this be? The drivers of engagement may provide the answers: During their first two years, female employees' perceptions of having influence, autonomy, and a sense of accomplishment all drop at twice the rate seen among their male counterparts. Their perception of being fairly paid drops significantly as well: 16 points for women and 10 points for men. Recall that these represent two of the three themes highlighted above — meaning that part of the “top-line” gender gaps in these areas are actually manifesting quite early in an employee’s tenure.

However, perhaps the biggest reason for the gap in engagement is related to their intention to stay (a component of our engagement measure). In response to the statement “It would take a lot to get me to leave this organization,” the percentage of women who agree drops 12 points in their first two years, compared with 4 points for men. This has clear organizational implications, as early tenured women are at a significantly higher risk for voluntary turnover. There is a direct relationship between how an employee responds to this question and their actual decision to stay or leave the organization.

Flight Risk by Tenure

“It would take a lot to get me to leave this organization.”



Where Could These Differences Be Coming From?

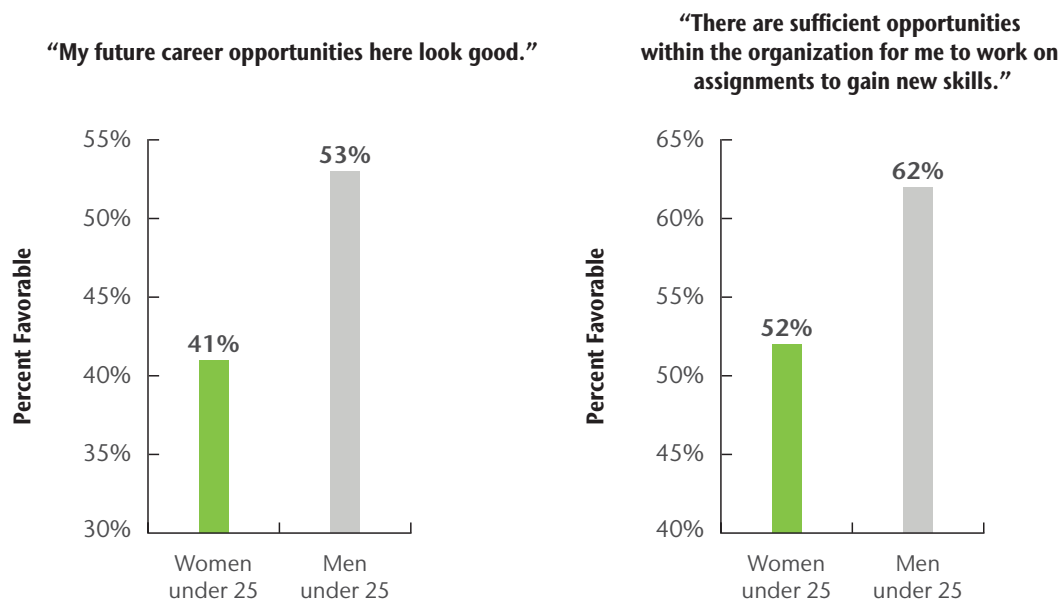
Age Is Just a Number ... or Is It?

Americans are retiring later; the average retirement age is around 63. During their working years, their engagement will fluctuate depending on issues including their position and their time spent in that position. But gender also plays an important role across different employee age groups. For instance, among employees under age 25, 53 percent of women are engaged, compared with 58 percent of men. This of course has some overlap with tenure, as younger employees will likely have spent less time with the organization, but it is an important finding that younger, female employees are significantly less engaged than their male counterparts.

In this case, expectations for future career growth may have something to do with the difference. While 53 percent of men younger than 25 agree with the statement that “My future career opportunities here look good,” only 41 percent of women in that group agree. And 62 percent of men feel that they’ll have sufficient opportunities to work on assignments to gain new skills, while 52 percent of women feel the same way. These double-digit gaps deserve attention. This has a connection with the theme of empowerment we discussed earlier — female employees are less likely to feel empowered over their direction with the organization.

We also see significant differences in perceptions of pay for younger employees: Forty-six percent of men say they’re paid fairly for contributions they make to the organization’s success, while only 37 percent of women say they are. How women, particularly young ones, feel about their career prospects at their organization has a lot to do with whether they’re engaged.

Career Opportunities for Employees Under 25 Years Old



Where Could These Differences Be Coming From?



"Companies that had at least 30 percent of executive positions filled by women typically had higher profits than those that did not."

A Different View of the Ladder

According to the U.S. Census Bureau, less than 40 percent of all managers were women in 2009. In our own global engagement data, we found that only about 20 percent of the executive responses in 2016 came from women. Within our normative database, we find that an employee's level within the organization has a significant relationship with engagement, with executives tending to be the most engaged in the organization and front-line or hourly workers tending to be less engaged. There are of course exceptions, but normatively this is what we see.

That being said, the interaction between organizational level and gender illuminates some significant differences in the work experience. For example, women tend to be more engaged than men at lower levels of the organization, but as women reach senior levels, they become less engaged than their male counterparts. The reasons for these gaps at higher organizational levels are seen in the drivers, and the themes will seem familiar. Female executives (typically C-suite leaders) and senior directors (business unit leaders or VPs) are significantly less likely to think that career opportunities go to the most qualified people (11 percentage points less than male leaders) and do not feel informed on matters that directly affect them (11 percentage points lower for female executives, 13 percentage points lower for female senior leaders). The themes of trust and empowerment are clear here, in this case about career opportunities being based on merit, as well as being empowered with the right information to make decisions.

Why is this important? Our data in general show that women are less likely than men to think that their organizational leadership is worthy of trust, to believe that their concerns will be heard, and that they feel they have the influence to make change happen. If the female leaders themselves are showing lower levels of trust and empowerment than their male colleagues, how can an organization expect the rest of their employees to feel any different?

It's conceivable that representation could affect women's perceptions of their own workplaces. Many people in activist movements say that "representation matters" — that seeing diverse people in positions of power and influence can change the way we understand ourselves and others. When it comes to the workplace, whether women see other women leading departments, boards, and companies can influence how they feel about work in general.

But besides just moving engagement levers, getting more women into leadership positions can pay off big in other ways for companies. According to a global survey on gender diversity from the Peterson Institute for International Economics, having women in leadership positions is positively associated with a variety of positive outcomes, such as firm performance, and with competitive benefits, such as availability of paternity leave. Companies that had at least 30 percent of executive positions filled by women typically had higher profits than those that did not. Whether this increased performance is due to the more diverse perspective brought in by female executives or the fact that firms that promote female leaders are themselves more flexible and adaptable, the benefits are clear: Women in leadership can help your company thrive. But they need to be engaged, empowered, and feel a sense of trust in order to do so.

How Does Your Organization Stack Up?

Do these global trends apply to your organization? The challenges women face in the workplace are global issues, and if you haven't been actively working on parity and equity, chances are there is some discrepancy at your organization. How you address it will depend on your organization's culture, resources, and goals, and it will take a qualified partner skilled in deriving themes from employee feedback data to make the changes you need for success. Those changes will vary by the following issues:



To improve perceptions around pay.

Organizations should examine internal and external pay-fairness issues with HR. Review pay levels and ranges where appropriate. Until pay parity is achieved, sentiments of lower engagement may persist for women who are skeptical they are receiving equitable treatment in the workplace. However, changes to pay structures take time, and sometimes are not possible in the short term depending on the organization's health. We find that clarifying expectations (e.g., around performance goals, pay structures, etc.) with employees so they're clear on how their compensation is calculated goes a long way. Even if they think they deserve to be paid more, an employer that is transparent about how performance metrics link to pay can help employees understand what they need to do to get where they want to go. We also recommend finding opportunities to reward and recognize employees on a continuous basis, not just at year-end. And understanding how individuals prefer to be recognized, especially in nonmonetary ways, can really differentiate how employees perceive their total compensation. Recognize the issue of pay disparity globally and reject it publicly within your organization.



To improve perceptions around opportunity.

Plan for regular one-on-one meetings to discuss career developments for one, two, and five years out. Ensure employees understand their role in articulating goals, building skills, and managing their own trajectory. Help employees understand their career paths and make sure HR is communicating internal job postings clearly. Similar to pay, it may not be — and likely isn't — possible to promote everyone right away. A focus on personal development (e.g., learning new skills) in addition to career can help demonstrate that you value your employees. Revisit skills and competencies in role profiles and job descriptions used for hiring and promotion. Conduct a talent review that identifies performance, potential, and turnover risk. Take full advantage of assessment tools to avoid biased errors and take the guesswork out of developing leaders. Provide mentoring to women. Since most leadership is male and there is a tendency to seek out and support those similar to yourself, make an intentional effort to invest in women. Broadly, consider how common cultural discourse on masculinity focuses on independence and autonomy, while that discourse for femininity is about nurturance and cooperation (Nicolson, 2015). It is possible that to be a successful leader, women must be willing to adopt stereotypically masculine traits, which can lead to identity conflicts and feelings of failure in their femininity. However, organizations and the leaders therein must also recognize their own role in embracing a broader leadership style that promotes collaboration and inclusiveness. After all, the existing leaders are responsible for identifying a succession plan for the next generation of leaders. As such, coaching and a strong network of other female leaders is helpful.

How Does Your Organization Stack Up? (continued)



To improve perceptions around decision-making.

As men continue to hold authority in most professions and organizations, the power dynamics in organizations may lead to women feeling less involved in making critical decisions. Ensure your decision-making process is clear, and loop employees into the process as soon as it's appropriate. Managers should meet regularly with their teams to discuss new ideas and provide feedback on decisions, while encouraging them to share their opinions. Foster a culture that encourages new ideas and appropriate risk-taking. Conduct focus groups and forums for discussion when change is imminent. Engage both men and women actively in discussions of their work, and about how and where to make improvements.



To improve trust in leadership.

Leaders often bear the brunt of anxiety surrounding organizational change. If you are like most organizations that find themselves in near-constant change, the scores for senior leaders may be relatively low. If scores overall are significantly below Aon Hewitt's benchmarks across the board, it may require you to take a look at the communication plan around vision, strategy, and objectives — are employees getting that message? If there are specific segments of your workforce that are significantly lower in their trust of leadership, ensure that leaders get those numbers and take them to heart. What is differentiating their experience versus others? Ensure that leaders are willing to listen to employees, and look for opportunities for reverse mentorship programs. Also, adhere to impeccable moral codes, particularly with regard to women's issues. Have a zero-tolerance policy for sexist attitudes and remarks, as well as any and all forms of sexual harassment. A seemingly benign but insensitive comment that is left unaddressed could single-handedly and silently plummet engagement. However, there may be plenty of gender-related issues in an organization, even in the absence of overt negative behavior, due to unconscious biases that skew perceptions of what "success" and "leadership" look like. Consider if this kind of training on unconscious bias could be helpful in further driving an inclusive environment.



To avoid the quick drop in engagement among new employees.

Update your onboarding programs and career paths to make sure you're meeting the needs of new hires as well as long-term veterans. What can you implement in your onboarding process to help newer employees as well as Millennial ones see how they fit in with the future of the organization? Take time to understand the challenges that employees are facing both at work and at home. Help them navigate life changes and reduce stress by offering support in various forms (flexibility, time off, remote work, etc.). This is particularly important for supporting female leaders, since they often experience more stress than men when managing home and work responsibilities (Davidson & Cooper, 1992; Gill et al., 2008; Rees and Monrouxe, 2010). Since women still bear the majority of responsibilities at home (Nicolson, 2003; Nicolson, 2015), organizational contexts where work-life balance is an afterthought support the expectation of regularly working during early and late hours. This can make it difficult for women to maintain attendance in the office, when in reality many jobs can now be done remotely at least some of the time. These negative experiences could be driving lower engagement among newer female employees in particular, as expectations around things like remote work and flexible hours have changed rapidly in recent years.

Are there particular patterns that could help you design and implement targeted interventions for pockets of people within your workforce? Only the data know for sure.

Conclusion



A failure to take diverse perspectives into account... will create a significant drag on your ability to differentiate from competitors and fully utilize your organization's potential.

Although overall engagement differences between men and women may appear minimal, digging into the demographics and drivers shines a light on significant differences in the work experience. More focused research may be required to further identify additional nuances and root causes of these disparities. This is particularly important in what the federal Bureau of Labor Statistics describes as high-paying management positions, where women account for more than half of employees in positions such as registered nurses, teachers, accountants, advertising managers, and psychologists.

Cultural and societal biases can influence engagement even when we don't want it to. However, a mature view of engagement at your organization, which allows for you to understand the work experience of different segments of your workforce, will put you in a position to more effectively address disparities or inequalities to make your workplace an engaging one for everyone. A failure to take diverse perspectives into account, however, will create a significant drag on your ability to differentiate from competitors and fully utilize your organization's potential.

How Aon Can Help

Elite results require extraordinary talent. Ensuring that all of your employees have the opportunity to bring their best to work is critical in accelerating your people to the extraordinary. Aon's experts are here to help. Reach out to the authors of this article for more information about how to assess the candidates in your talent pipeline, develop your current and future leaders, and investigate and elevate employee engagement within your organization.

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