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Abstract

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hospitality industry, talent management, female CEOs, human resources, recruitment, employee turnover

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Leaving Talent on the Table? The Importance of Developing and Retaining Women Leaders

By Michael Warech, Founder & Managing Director, Warech Associates, LLC

While it’s been twenty years since McKinsey & Co. first coined the term ‘War for Talent’, many companies continue the fight to attract and retain the best and brightest. In an increasingly dynamic and competitive marketplace, retaining human capital can, literally, be the difference between life and death.

Recently, the economy has been trending upward, with a plethora of new jobs, a roaring stock market, and attractive options for Baby Boomers poised at the threshold of retirement. With many Boomers currently occupying leadership positions, the impending management exodus will have significant implications.

It is widely agreed that moving into this talent vacuum has been—and will continue to be—a very different workforce. The majority of employees will be millennials and minorities, and within those cohorts, a huge cadre of women. While women comprise approximately half of the U.S. workforce, they are represented in greater numbers in the hospitality industry. With estimates falling between 55 – 70% overall, women should play a substantive role in shaping the future of the industry.

While the number of female CEOs among the world’s largest hotel companies has grown slightly over the past 10 years, the number of women who hold senior leadership positions remains disproportionately low. For an industry so heavily populated by women, it is imperative that hospitality companies master how to attract, engage, and retain women to create competitive advantage.

Why It Matters? Money Talks

While some may dismiss a focus on the development of women as an HR ‘nice-to-have’, leveraging this critical talent has a direct impact on business results. In a 2004 study, Catalyst looked at two important measures of financial performance: Return on Equity (ROE) and Total Return to Shareholders (TRS). After examining 353 companies that remained on the Fortune 500 between 1996 and 2000, Catalyst found those organizations with the highest representation of women among senior management teams had a 35% higher ROE and a 34% higher TRS than companies with fewer women at that level.

A 2016 study by The Peterson Institute and EY2 of approximately 22,000 publicly traded global companies found that having at least 30% women in leadership positions added 6% to net profit margin. Similarly, a 2007 McKinsey3 study of 89 European companies found that those with the highest proportion of women in senior leadership positions and at least two women on their boards significantly outperformed industry averages. They also enjoyed a 10% higher ROE, 48% higher EBITA, and 17% higher stock price growth.

Unfortunately, recent data suggests that more than half the women who start at Fortune 500 companies exit the organization before reaching the executive level (Catalyst, 2017). The costs associated with voluntary turnover, irrespective of gender, are significant. In addition to the expense of finding a replacement, the impact on lost productivity and opportunity are staggering.

So, what is going on? With women representing such value to organizations and continuing to enter the workforce in record numbers, why is retention still an issue? More importantly, what can be done about it?

What the Research Says: Beneath the Surface

Over the last 30 years, research has identified the key drivers of employee turnover. Commonly cited factors include poor management/supervision, limited career/development opportunities, and incongruity with organizational culture. More recently, researchers have discovered that drivers of employee turnover are nuanced for minorities, especially women. Behind the obvious issues of opportunity or salary, researchers have identified a deeply-rooted, unconscious force operating in the workplace. This second-generation gender bias refers to work cultures and practices that appear neutral on the surface, yet overwhelmingly reflect values and circumstances of men who have dominated the development of traditional workplaces.

Second generation gender bias is often reflected in the absence of substantive work-life balance programming, pay inequities, and scant advancement opportunities. These markers send an implicit message that working mothers are less motivated, committed, or
Research suggests that leaving the workforce, early to begin a family (the ‘mommy track’) or address shifting family needs, has a negative impact on a woman’s career, especially on compensation and attainment of leadership positions (Traves, Brockbank & Tomlinson, 1997). Many opt for a reduced schedule or take themselves out of the running for jobs requiring greater obligations (McGrath, 1999; Higgins, Duxbury & Johnson, 2000). Others stay in their jobs, but because of family obligations, are geographically rooted. Consequently, they turn down new responsibilities at different operational locations which, under typical circumstances, would lead to career advancement on par with male counterparts.

This is especially true in hospitality, given the historical nature of the industry, characterized by round-the-clock, customer-service oriented job requirements and boundaryless crossover between work and non-work life. Mix in the need to frequently relocate to new geographies to climb the corporate ladder, and it becomes easy to see the inevitable personal/family sacrifices required.

A large gap in employment history makes it almost impossible to ‘catch up’ in terms of salary and seniority (Hewlett & Buck Luce, 2005). Such gaps impact the ability to develop the meaningful relationships that create the networks to help further their careers. Some suggest this ‘social capital’ is even more important to advancement than skillful performance (Eagly & Carli, 2007).

One of the most challenging forms of second-generation gender bias emerges when women attempt to develop an authentic, credible leadership style. In an environment where traditional models of success are men, behaviors that have propelled men’s success don’t produce the same effect when exhibited by women. Behaving in an authoritative manner is perceived as less attractive in women. At the same time, behaving too ‘communally’ (e.g., helpful, friendly, sympathetic) is not viewed as ‘leader-like’ (Eagly & Carli, 2007). This ‘double-bind’ presents significant challenges for women being perceived as confident, competent leaders.

Solution: Targeted Investment in Women

Creation of a gender-neutral workplace will take more than a temporary recruitment campaign or a one-and-done ‘diversity’ workshop. It requires a strategic, integrated framework that has the support of senior leaders and critical stakeholders. Holly Lawson, Corporate Director of People and Culture at Pivot Hotels & Resorts, deemed this ‘progressive willingness’ as key to success. An aligned portfolio of programs, policies, and practices at the organizational, managerial, and employee level is the optimal approach for achieving meaningful results.

Organizational Level: Enterprise Wide Commitment

Work-Life Initiatives

Work-family initiatives are linked with improved recruitment efforts, organizational commitment, productivity, and performance (Osterman, 1995; Tsui, Pearce, Porter & Tripoli, 1997; Konrad & Mangel, 2000; Perry-Smith & Blum, 2000). The presence of these initiatives has been shown to increase the percentage of women in senior management (Dreher, 2003). Flexible work schedules (e.g., compressed work weeks, core-hour presence, job sharing) and variable time off and leave policies reduce absenteeism and turnover. They also send a powerful message that the organization understands the challenges of today’s families and supports its employees’ efforts to balance personal and professional obligations.

The Union Square Hospitality Group (USHG) recently implemented a parental leave policy, offered to both women and men, whether they are single, married or domestic partners. It is offered for a 12-month period, to both managerial and hourly personnel, with one’s position guaranteed upon return. Offering to both genders avoids perpetuation of a ‘mommy track’ and has received very favorable feedback, according to Erin Moran, Chief Culture Officer.

Another innovative approach to balancing work and family is happening at PepsiCo. A program called ‘Leaders Leaving Loudly’ is being championed by the CEO of PepsiCo Australia and New Zealand, Robert Rietbroek. This initiative was created to reduce ‘presenteeism’ and help increase and retain the number of women in senior management. In short, when team leaders leave the office, they are asked to declare it to the broader team. Whether picking up a child from school or taking a spouse to the doctor, the idea is that by publicly declaring it, others will feel comfortable making the same types of choices. Rietbroek, like others trying to make headway in this area, is challenging the perception that flexible work arrangements are off-limits for men.

At Pivot Hotels & Resorts, they have introduced the concept of ‘meaningful times’. As Holly Lawson explained, it is a variation on the core hours concept. Corporate employees are encouraged to convene- physically or virtually to accomplish work. This is part of Pivot’s cultural shift toward results-orientation and implicit trust and a move away from ‘presenteeism’.

These types of solutions reflect a more forward-thinking approach to balancing demands faced by employees now and into the future. The challenge for business leaders and HR practitioners will be in managing these new ways of working. It will be important to demonstrate that employees who participate in these types of flexible arrangements remain equally attractive and eligible for opportunities and advancement. Some suggest that company policies be modified to accommodate women’s promotions, including
retaining them in targeted talent pools. Others suggest that time horizons for promotions of ‘mid-career professionals’—very often, women in their 40s and 50s—be extended to ensure they do not penalize those who have attended to family matters (Brizendine, 2008).

Mentoring and Sponsorship

Targeted mentoring and coaching programs are developmental options that have a direct, positive impact on the rate of women’s career advancement. Beyond promotions, they have also been correlated with an increase in job performance, pay, and employee satisfaction (Scandura, 1992; Ragins & Scandura, 1994; Dreher & Cox, 1996).

Getting mentoring ‘right’ can be tricky. Catalyst found that having a mentor tended to benefit men more than women, despite women being mentored more frequently and earlier in their careers. In contrast, men tended to secure mentors in more senior positions and obtain more direct sponsorship, as well. Some have suggested that high-potential women are over-mentored and under-sponsored (Ibarra, Carter, & Silva, 2010). The most effective mentors are sponsors in which the support extends well beyond feedback or advice to the sponsor using his/her influence to actively advocate for the mentee. Some organizations have deliberately split the mentor and sponsor roles.

Given these complexities, Pivot Hotels & Resorts pays close attention to the creation of mentor-mentee dyads. Senior leaders are selected as mentors to ensure availability and interest, as well as receive training. Mentors come from all functional areas and have a strong operations perspective. Most important, they need to demonstrate a sincere desire to teach, guide, and nurture. Having this right mix of ‘hard’ and ‘soft’ skills is also important for mentors at USHG14. Here, they are into the third year of offering a six-month long mentorship program, where senior leaders serve as mentors. Employees who would like to participate submit an essay as part of their application, which is used, in part, to create diverse dyads. Mentors and mentees from all parts of USHG, ranging from corporate to front to back of the house are matched.

Training and Development

A recent provocative research article entitled, ‘Rethinking a glass ceiling in the hospitality industry’, (Boone, Houran & Veller 2013), proposed ‘self-imposed barriers’ (e.g., unwillingness to relocate) as more pronounced obstacles to women’s advancement than ‘workplace barriers’, but concluded that organizations need to support the enhancement of women’s leadership and professional skills and suggest that a special emphasis be placed on personal development programming that “…addresses personal effectiveness in managing family and household demands while simultaneously climbing the proverbial corporate ladder.”

Training designed and delivered in-house or through external resources (e.g., Cornell University’s Women in Leadership Certificate; Coursera/Case Western Reserve University’s Women in Leadership Program) typically examines the opportunities, challenges, trade-offs, and organizational dynamics experienced by women in the workplace.

Specific topics include:
- understanding and navigating through second-generation gender bias
- developing and maintaining networks
- securing career planning discussions with one’s manager
- negotiating
- touting one’s accomplishments
- securing a sponsor and/or mentor
- securing challenging/high-visibility assignments
- staying connected while leveraging a flexible working arrangement

Talent Management Training for (All) Managers

All managers should be proficient at carrying out their talent management responsibilities. These include understanding, making transparent, and executing on performance management, assessment, development and retention of high-performing talent. This training should cover:
- holding meaningful career planning discussions
- coaching, mentoring and advocating for high-performers (e.g., ensure diverse succession planning/talent review slates)
- securing challenging/high-visibility assignments for high-performers (e.g., P&L/Operations roles)
- overcoming reluctance to share top talent
- designing workable alternative work arrangements
- communicating clear criteria for talent management processes (e.g., career advancement/promotion, assignments, rewards,
talent reviews, succession planning)
  
- applying talent management decision making fairly
- examining relevant metrics (e.g., promotion rates by gender)

**Affinity/Diversity Groups, Networks, Councils**

To support the development and promotion of women, organizations have formally sanctioned and created groups that provide a forum for networking, exchange of ideas, collaboration, mentoring, and a safe place to share challenges. These groups can also materialize organically, from the ground up.

An example of such a group can be found at Two Roads Hospitality, where women have created the Women’s Leadership Network. Designed as a comfortable place to exchange experiences, ideas and thoughts, it has as its mission ‘to inspire women to be their best self and to reach their full potential within our organization’. Bobbi McPherson, SVP, People Services, described the robust agenda as including an active board, a mentorship program, a newsletter, coordinated events throughout the year, including onsite leadership summits, breakfasts, webinar/lunch & learn series, and the sponsoring of women to participate in external programming.

Seminole Gaming has developed a multi-pronged program called ‘Women of Seminole Gaming’, that has as its mission to support the development and success of women across their properties through education, mentorship and networking opportunities. The education component includes training events focused on financial wellness, public speaking, personal branding, and dressing for success. Networking includes carving out deliberate time and opportunities to meet with senior leaders at property-level training events, mini-leadership conferences, and other venues. The formal 6-12 month-long mentorship program matches certified women mentors with female mentees based on submitted applications. Meaghan Ryan, VP of Talent Management, highlighted support from senior executives in the form of high-visibility participation at events as critical to the program’s success.

**Hold Senior Leadership and Managers Accountable**

Support and role modeling from the top is critical to creating and sustaining the desired culture. Organizations should hold accountable leaders who fail to pursue the women-advancement agenda. Committed organizations implement systems to monitor the progress of high potential women and to ensure they acquire a broad range of experience in core business areas. As an example, when making promotions USHG14 has as a primary goal the maintenance of a diverse team composition. Specifically, Moran at USHG, relayed that they take into consideration such factors as gender, ethnicity, and experiences, with an eye toward moving people into different restaurant concepts. Companies should ensure diverse succession planning slates and hold managers accountable if they fail to open their networks and adopt a gender-neutral approach to everything talent management. There is no substitute for ‘walking the talk’ at the highest levels of an organization. Oakley (2000) can correctly pointed out that, in the end, the most effective way to reduce the negative impact of second-generation gender bias and the old boy network is to increase the number of women ascending to senior-level positions. The organizational level best practices discussed above represent reliable approaches to help secure such an outcome.

**Managerial Level: Behavioral Change**

Individual managers must understand the organizational policies, programs and practices supporting the desired end and have the wherewithal to execute on a personal level. It is critical that they ‘walk the talk’ and be held accountable for the following:

- understanding and overcoming second-generation gender bias
- promoting transparent performance-based environments
- coaching, mentoring and sponsoring
- holding meaningful career planning discussions
- ensuring diverse succession planning/talent review slates
- providing opportunities for high-performing women to develop skills to advance
- identifying developmental needs and available relevant programming and experiences
- participating in relevant programming (e.g., Leaders Leaving Loudly)
- securing challenging/high-visibility assignments for high-performing women
- overcoming reluctance to share top talent
- designing and leveraging workable alternative work arrangements
- communicating clear criteria for talent management processes (e.g., career advancement/promotion)
- assisting high-performing women in developing organizational networks, especially early on

**Employee Level: Individual Responsibility**
Finally, women need to shoulder some of the responsibility. It is incumbent upon female talent to take ownership of their careers and pressure their respective organizations. They should take accountability for:

- understanding all relevant policies (e.g., work-life balance; flexible work arrangements; access to training and development opportunities)
- understanding all talent management-based programming and criteria (e.g., promotion, career pathing, performance management, rewards, access to assignments)
- putting themselves forward for leadership roles
- negotiating alternative work arrangements that align personal commitments with role requirements and performance expectations
- seeking challenging/stretch assignments, especially line/operational/P&L roles
- insisting on robust career development discussions
- seeking performance feedback
- developing recognized blind spots (e.g., touting accomplishments)
- securing a mentor and a sponsor
- speaking confidently about accomplishments
- cultivating organizational networks, especially early on
- participating in relevant affinity groups or networks
- identifying and calling out vestiges of second-generation gender bias

**Conclusion**

There is an unequivocal, empirical link between women in organizational leadership roles and business results. Organizations that understand this relationship recognize the importance and urgency for having solidly formulated strategies and well-executed programming, policies, and practices to develop and retain women leaders. Creating and maintaining a gender-neutral work environment is critical to the success of your business. Leadership development for women represents a powerful lever for creating competitive advantage. A set of best practices has been presented and discussed above to guide leaders responsible for creating policy, programming and driving the organizational culture; for managers who bear responsibility for embracing the culture and behaving accordingly, and; for individual women employees who have the power to take increased ownership for their advancement.

Dr. Michael Warech is the Founder & Managing Director of Warech Associates, LLC He has over 30 years of experience designing, developing, and implementing data-driven human capital solutions that demonstrably impact an organization’s bottom line. He has led numerous projects for a variety of Fortune 1000 organizations. He has worked with companies to identify and articulate their talent management, learning, and leadership development strategies and has deep and direct experience designing leadership development solutions, as well as more broad and robust learning and development programming. Michael founded Warech Associates, LLC in 2008, focusing on integrated talent management strategies and leadership development program design. Dr. Warech can be contacted at 973-998-0885 or mwarech@warechassociates.com

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