Risk Management and Gender Diversity – Mind the Gap?
Introduction

Does risk management have a gender diversity challenge? And why is gender diversity important anyway – could it actually lead to better risk management outcomes?

The Institute of Risk Management gathered more than 20 professionals from the discipline at a lunch in central London on International Women’s Day, 8 March, to discuss these issues. The group – a near 50-50 split between men and women – talked about their own experiences of gender diversity across a range of countries, industry types, and career experiences.

Why is diversity important?

Intuitively, it makes sense that having a board of directors and senior management team that is gender-diverse would improve corporate financial performance. Since the financial crisis of 2008, concern about groupthink – where a group of individuals actively seeks to minimize conflict and reach consensus by actively suppressing dissenting viewpoints – has led many organisations to seek to increase gender diversity.

While, in terms of studies, there are conflicting signals about whether or not diversity improves financial performance, the IRM lunch group indicated that in their experience, organisations did seem to perform better when women were present on teams, in senior management and the board. Many individuals indicated that it was important to have a critical mass of women at all levels – to change the dynamics of conversations, to overcome groupthink, and to ensure women were actively being listened to.
How does risk management stack up?

The experience of gender diversity in risk management seemed to vary considerably among attendees. “An important question we have to ask ourselves is – is there a gender diversity issue specifically in risk management?” asked Nicola Crawford, chair of the board of directors of the IRM. “Is it unique to our profession or is it a challenge across all professions in a particular industry?”

The answer seemed to be that the degree of gender diversity in risk management depended on the geographic region, industry, and area of the discipline within risk being discussed. For example, “There is a gender diversity issue in risk management in the infrastructure/construction industry, but there is also a broader diversity issue in the construction industry anyway,” said Vinay Shrivastava, a member of the IRM board. “Many of the fields in the industry are 80-90% dominated by men. I’m not sure why that is.”

Other general observations of participants about the state of gender diversity within the discipline included:

- While more women than ever are choosing careers in the quantitative side of risk management, more could be done to encourage women into this area.
- Industries which generally had a lower representation of women across all functions could sometimes have an equally lower number of women in risk, and other times have a much higher proportion of women in risk. The difference seemed to lie in the nature of the traditional career path to risk. The same could be said to be true of geographic differences.
- Office location could also make a significant difference. For example, several respondents said risk teams based outside of central London often had more women than teams within London.
- Some attendees expressed concern that risk management, and other control functions, were too good at attracting women and that all-women teams could have a lack of diversity too.
- It was observed that generally speaking, men seemed to be better at switching into, and then out of, risk teams. Women, on the other hand, seemed to be more likely to start their career in risk and stay on, when their careers could benefit from a broader range of experience.
- Most attendees agreed that the ranks of women in risk thinned considerably the further up the management ladder – that while in more junior roles, there could even be more women than men, at senior management levels this could fall to 25% or below. It was observed that often women didn’t put themselves forward for leadership roles, in the same way that men did.
- Many attendees had also observed that women did not network to the same degree that men often did. Several reasons were cited for this, such as a smaller number of networking opportunities and non-work commitments, such as a family.
Attendees at the lunch seemed to agree that closing the gender gap would require proactive engagement from both organisations and individuals. Three crucial areas of focus for risk management teams seeking to improve their diversity include:

- **The Snowball Effect** – “The more women an organisation has in senior positions, the more diverse that organisation will become,” said Caroline Coombe, chief executive of ORIC International, an operational risk consortium for the insurance industry. To get this positive momentum going, organisations should actively seek women for leadership roles. Often women leaders will naturally create more diverse teams themselves.

- **Retention, retention, retention** – Keeping women within the organisation is just as important as recruiting them. Promote flexible working arrangements, for example, to help keep women across the career lifecycle. “Having the flexibility to work from home, or to work four days a week, for example, is important,” said Socrates Coudounaris, deputy chair of the IRM. “You will have more females in that organisation because of that flexibility. This is a trend globally.”

- **Culture is key** – Getting the tone at the top right is very important when it comes to shaping an organisation’s diversity culture. Diversity-consciousness should be hard-wired into all of the training and human resources communications an organisation does as well. For example, educating individuals about unconscious bias, and raising awareness of its impact, can really make a significant difference to the culture.

Overall, attendees seemed to agree that having more diversity – both on the risk management team and overall in an organisation – could lead to better risk management outcomes. Bringing together individuals with a wide variety of life experience and perspectives naturally helps organisations to overcome groupthink and unconscious bias. At a fundamental level, this is helpful for exercises such as risk and control self-assessments, scenario analysis workshops, and for spotting potential emerging risks. Across an organisation, it can also help the business spot both risks and opportunities, as well as enable those to be engaged with more nimbly. Clearly, there is more work to do, to better understand the positive impact that diversity could have on risk management outcomes, as well as explore best practices around the globe. “Given the success of the IRM Women in Risk roundtable discussion, further sessions are being planned, with particular regional and industry focus, to assess if there are differences as highlighted,” said Crawford. “We are also looking to work with other professional bodies and women’s networks to focus our research and get a wider reach. I am excited about finding out more about people’s views and experiences”

The IRM Women in Risk roundtable was supported by Old Mutual Wealth.
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