

Impact Report:

THE GREATEST THREAT to WOMEN IN TECH



THE CURRENT ENVIRONMENT

Over the last three years, the national economy has been consistently impacted by a myriad of historic changes — the pandemic-induced recession, the move to and from remote work, the Great Resignation, the Ukraine War, the Silicon Valley Bank and Signature Bank failures, and relentless interest hikes are mere highlights. These changes have put VC investment on hold, instigated layoffs across industries, and disrupted the progress of diversity and inclusion initiatives. The tech industry has been the “hardest-hit industry for job cuts,”¹ and the fallout is disproportionately affecting women.² The tech industry decline, as well as low promotion rates, and distrust of remote work, all put any gains women have made in the workplace at risk.

TECH DECLINE

As the world returns to less socially distanced normalcy, the accelerated adoption and reliance on tech during the pandemic for every aspect of life has decreased⁴. This change, as well as the and uncertainties in the geopolitical climate⁵ and looming global recession,⁶ is “injecting more caution into the next phase of tech’s evolution” and leading companies to conserve cash and find ways to do more with less.⁷ With few fundraising options, companies are cutting high-priced⁸ payroll costs, resulting in industry-wide layoffs⁹ and “costing tens of thousands of tech workers” their jobs.¹⁰ A full 38% of this year’s 270,400 layoffs came from tech;¹¹ 45% of these layoffs were women. Although this is less than half, the number is significant since women make up less than 30% of tech workers;¹² women are 65% more likely than men to lose their tech jobs.¹³

In addition to layoffs, overall salary bands stopped rising, declining on average from August to November last year.¹⁴ This is specifically true for more junior roles. While women have made modest strides in recent years to navigate management pipelines, these junior roles are still more often occupied by women.¹⁵

38% of 2023 layoffs came from tech

45% of tech layoffs were women though only 30% of tech workers are women

65% of women are more likely to lose their tech jobs than men

WOMEN IN MANAGEMENT

McKinsey and LeanIn's 2022 Women in the Workplace report revealed that women had recently found a way around the "broken rung" problem. The broken rung represents the barrier women face in being promoted up the corporate ladder past entry-level positions. In a response termed the "Great Breakup," women leveraged pandemic-induced flexibility work policies to demand more equitable, supportive, and inclusive workplaces. When companies did not deliver, women leaders switched jobs at a historically high 10.5% rate to find companies that would.¹⁶ Every time a woman at the director level was promoted, two other director level women would leave the company for their own growth opportunities.

There was also a growing number of executive women leaders that left high-profile roles completely, with 43% of women leaders citing burn out as one of their reasons for leaving.¹⁷ This is compared to 31% of their male counterparts who report burnout.¹⁸ This is not surprising as women do twice as much sponsorship support, spend more time on diversity work, and spend more time mentoring.¹⁹ These statistics are alarming, as the pattern of women self-selecting out of leadership roles could reverse decades of gender equality progress for women leaders in the workplace.²⁰ As industries return to less flexible work environments, fewer women will have the ability to compete for leadership roles at all.

10.5%

of women leaders leaving jobs for better work

2

women leave the company for every 1 women director promoted

43%

of women leaders cite burn out compared to 31% of men

2^x

more sponsor support, DEI work, and time mentoring from women leaders

“The pattern of women self-selecting out of leadership roles could reverse decades of gender equality progress for women leaders in the workplace.”

REMOTE WORK

Remote workers have come under fire²¹ for a myriad of issues. Employers have complained their remote employees are less productive,²² or on the other extreme are using AI to be overemployed.²³ There have also been widespread claims about poor communication and quiet quitting. However, longitudinal research shows the opposite. Remote workers have actually been shown to work more, and on average are shown to be “more effective” than both hybrid and in-office workers.²⁴ Over time, remote workers also become “more engaged”²⁵ than their in-office counterparts. Remote and hybrid workers are also 52% more likely to say their company culture has improved compared to in-person workers.²⁶ Despite this research, a growing number of leaders are mandating return to office with little flexibility in implementation or policy.

The vast majority of workers are not working from home because they want to contribute less to their teams and employers. This is especially true for women. Only one in ten women wants to return to onsite work full-time²⁷ and women are returning at a slower rate than men²⁸, putting women at increased job-risk for layoffs. A 2022 Department of Labor survey found why women want workplace flexibility. Only 14% of women cited personal preference as the reason to work from home, with 33% responding that they needed to work from home to balance work and family.²⁹ While women account for nearly half of the labor force and more than 40% are breadwinners for their families,³⁰ women are also predominantly responsible for the care of children.³¹ With the childcare crisis in an even worse state after the pandemic,³² women need the flexibility to take care of their children while providing for them.

“Since the remote work model is not a proven structure in economic insecurity, its continuation is nothing less than an unmitigated risk.”

TAKEAWAYS

WTC has a unique and broad perspective on both the needs of the tech industry and the women who have worked so hard for their place in tech. The recent economic changes demand solutions that encompass the fledgling workplace change of flexibility—for the benefit of both women and their employers. But this is easier said than done.

With the economy in a downturn, leaders are working to prevent the negative impacts of this uncertainty. The Great Recession of 2008 shutdown 170,000 small businesses³³ and triggered layoffs resulting in a national unemployment rate of 9.5%.³⁴ It is not a surprise that this grim reality is motivating more and more leaders to call for workers to return to office. Since the remote work model is not a proven structure in economic insecurity, its continuation is nothing less than an unmitigated risk. Many leaders are instead attempting to manage through the current challenges by going back to the traditional working model they've always known that measured value and productivity largely through physical presence. While executive calls to bring workers back to the office have been viewed as ignorant, disconnected, and insensitive, the efforts to save jobs and stay solvent make their initial strategy much less malicious. However, insulating from economic risk, spurring growth and increasing productivity are not synonymous with returning to traditional office hours, culture and physical presence. Rather, when leaders are unwilling to develop new leadership strategies that engage the changing workforce, they lose the benefits of remote work and increased flexibility, and create an impossible barrier for many women in technology.

Rescinding flexibility alienates a young workforce, who were not old enough to be cognizant of the negative impact of the last recession, and greatly reduces the probability and accompanying benefits of a gender diverse workforce. It represents a failure by management to create performance-based success strategies and build environments of trust instead of clinging to past norms that disregard workplace evolution. This faulty logic fails today's workforce, especially women in technology. Companies that are going to move forward successfully need to adapt and embrace workplace flexibility as the next undeniable and required innovation.

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Adopting and incorporating workplace flexibility, however, does not have to mean that employers have to give workers total carte blanche over work schedules and locations. It also does not mean that remote and hybrid workers should be able to exploit their employers or have lower productivity expectations. Management needs to innovate and lean-in to helping workers stay connected and accountable without being micromanagerial. Workers too must help create this solution and show the same level of commitment. Remote and hybrid workers need to make themselves more visible, and recognize and deliver on their responsibility to be engaged, communicate, collaborate, and contribute. But without a management strategy that enables high-performance and flexibility, many employees will be unable to succeed or create impact. Even those who return to the office risk being disenfranchised from management that does not understand or appreciate their experiences, needs and desires, which will stunt personal and organizational growth. Even in economic uncertainty, leaders who can create workplace flexibility will help their employees and teams come together in a mutually beneficial position to align goals, drive impact, and keep the hard-earned momentum for women in technology.

ENDNOTES

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