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The challenge of hiring and retaining women:

An interview with the head of HR at eBay

Beth Axelrod discusses how companies can do better at hiring, retaining, and promoting women.

John R. McPherson and Lenny T. Mendonca

Article at a glance

In an era of ever-intensifying competition for talent, companies that can appeal to and retain different kinds of employees are more likely to succeed.

For more than 20 years, Beth Axelrod, the head of HR at eBay, has focused on understanding the talent needs of companies and how they can meet those needs.

In this interview, she discusses the difficulties that companies have in hiring and retaining women, strategies she has seen succeed, and her view of how HR can become a strategic partner with businesses.

McKinsey&Company

Other executives frequently tell Beth Axelrod that she made "an unusual career move." From her perspective, their reaction to her shift from consulting to human resources highlights the long road HR still must travel to become a full strategic partner with businesses. For her, though, it's a road worth pioneering.

In an era of ever-intensifying competition for talent, companies that can appeal to and retain different kinds of workers are more likely to succeed. Understanding diversity in the workforce has been a professional interest of Axelrod's since 1989, when she was asked, as a young McKinsey consultant, to help figure out why the firm was losing so many women and what could be done to keep them. In the late 1990s, Axelrod was a leader of McKinsey's War for Talent project, which quantified the challenges that leading US companies faced in finding talented executives. She later moved on to executive roles at the global marketing communications group WPP and then to eBay.

In the past decade, the talent challenges facing companies around the world have only become harder to manage. Knowledge workers are ever more crucial to corporate success. In developed economies, baby boomers are beginning to retire; in developing ones, the qualifications of graduates often don't meet the needs of companies that do business there. And younger workers around the world often want a relationship with employers different from what they are currently offered.

Axelrod recently had a discussion with McKinsey directors Lenny Mendonca and John McPherson about how companies can improve the way they hire, retain, and promote women, as well as the role of HR more generally.

The *Quarterly*: In your position today, what do you see as the importance of women in the overall struggle for talent? Is it tapping a critical talent pool or particular skill sets, or is there something broader?

Beth Axelrod: The war for talent today is truly global, so recruiting and retaining a diverse workforce is a more competitive business issue than ever: increasingly, diverse talent reflecting this competitive landscape is one of the most critical factors a business can leverage to consistently drive successful results. It's important for a company's workforce to not only reflect the diversity of talent available in the world today but also to mirror the diversity of its customer base. For example, at eBay we recognize that women make most consumer purchasing decisions and that women are big users of online-payment systems. So having talented women in key decision-making roles helps us better understand our customer base. And we have several strong, capable women executives leading our biggest business. This didn't happen by accident, and it certainly didn't happen simply because they were female.

It's also important for companies to define how diversity links to their business results. Otherwise, there will be no compelling reason for leaders to focus on diversity. Of course, women must be an important part of any workforce diversity effort. And many companies have achieved considerable success in this area. But there are still challenges. The issue today is not so much how to bring women into companies, but how to create more successful women leaders. Diverse talent has to be tapped at all levels of an organization.

Beth Axelrod

Vital statistics

Born August 17, 1962, in New London, Connecticut

Married, with 2 children

Education

Graduated with BS in engineering with concentration in finance in 1984 from the Wharton School of the University of Pennsylvania

Earned master of public and private management (MPPA) degree in 1989 from Yale University

Career highlights

eBay (2005–present)

- Senior vice president of HR

WPP (2003–05)

- Chief talent officer and executive director

McKinsey & Company (1989–2002)

- Principal (1995–2002)

Fast Facts

- Coauthored *The War for Talent* (2001)
- Member of advisory board for Bulger Capital
- HR 50 member

The *Quarterly*: Before a company initiates specific programs to improve the hiring and retention of women, are there prerequisites for success?

Beth Axelrod: First, one or several senior leaders must have the mindset to recognize that this matters and to make it a priority. You can always benefit from some grassroots efforts, but as with so many things, in the absence of leadership conviction and visible action, you just don't get traction. This can be public support from the CEO, visible movement of key leaders into new or stretch roles, support for action teams or affinity groups—anything that resonates in a company's culture.

Beyond leadership, identifying the issues that limit women's ability to build lasting careers and addressing them systemically is important. And by systemically, I mean tackling the underlying systems, beliefs, and behaviors that get in the way of women being successful.

The *Quarterly*: Are those issues the same across companies? How would you describe them?

Beth Axelrod: Based on my own experience and other research, I see common, recurring themes that can either help build lasting careers for women or subtly—or not so subtly—undermine them. Companies need to be aware of these themes: how do I tap into informal networks, who is advocating for me, how do I find a mentor, will I be judged fairly, how do I need to adapt my style?

Women want to know that they have advocacy and support. That's something more people are conscious of today than they were back in 1989 when I began working on these issues. Back then, those of us doing the research and the policy setting at McKinsey concluded that women needed advocacy and support. But women weren't directly asking for it. Today, women are asking, "Who's my advocate? Who—male or female—is looking out for my career and advocating for me?"

Women also are looking for a network of other women—to have people to share experiences with, to solve problems with, to look to as role models or examples of success, and to learn from.

Also, the people systems and processes must be fair. While women can't always articulate what it is about the people processes that might not be fair, they recognize gender differences. They might think, "I don't advocate for myself as aggressively as men do." "I don't raise my hand for a job, because I trust my manager to put me forward if I'm a suitable candidate." "I don't hammer my manager to promote me, because that would be self-promoting—even though some of my male colleagues do that." And, "I don't speak up in meetings as much as many of my male colleagues."

Women want to know that the people processes for assessments, promotions, and job placements are fair and that those processes take note of subtle differences between the way men and women shepherd their careers.

Flexibility also matters to women, and this is something increasingly important to younger workers in general. But it isn't about work–life balance per se. People who've opted to work at eBay, for example, have already declared that a career is very important in their lives. They want to be a part of creating a great, enduring success and changing the world. And that implies a certain amount of work. But they want flexibility in those arrangements—the chance to make choices that enable them to be successful throughout their career and their personal lives.

The *Quarterly*: Although there's more awareness now than there was in 1989, it sounds as if you still see the same issues. Does that surprise you?

Beth Axelrod: No. After we did all that rigorous research for *The War for Talent* in the late 1990s, when we boiled things down to the imperatives, there was no rocket science there. It was essentially, "Get good at the basic things that matter, because companies aren't good at the basics. And that will make a real difference."

And the same is still true for diversity. There are basic business principles and practices that are evergreen, and companies have to remain vigilant about getting those right because so much of what goes wrong in companies does revert back to first principles.

The *Quarterly*: At that level of first principles, what foundational processes or systems must companies put in place to hire and retain women effectively today?

Beth Axelrod: Just ensuring that the basic conditions of a meritocracy are in place is a good start. Being aware, on a systematic basis, of how we unintentionally interpret women's and men's personal communication styles differently. And being careful to ensure that the assessment and promotion processes do not inadvertently misinterpret those styles—for either gender. So when someone says that a woman is either too timid or too aggressive, ask if she is any more timid or aggressive than the male counterpart whose behavior we wouldn't comment on. Simply having somebody in the room who listens for those unintended biases in interpreting styles is very helpful.

Also, ensure that the promotion process doesn't get diverted in unhelpful ways. Ensure that the tendency for women not to raise their hands for jobs doesn't get interpreted as a lack of ambition. And make sure that the promotion process systematically identifies women in the pipeline, not because women should be given an advantage in the promotion process but because they shouldn't be inadvertently overlooked. I do think that heightened awareness and a little more vigilance can ensure that the system itself doesn't overlook, misinterpret, or inappropriately assess the female talent in the organization.

On hiring, there shouldn't be multiple standards for diverse talent. Hiring is about finding the best people. And being vigilant and disciplined about making sure that the candidate slate is diverse. And engaging your very best people in the recruiting process, including both men and women who can speak to the value proposition of the company—both the rational, intellectual side of the value proposition and the emotional side.

The *Quarterly*: What about informal steps that can help companies motivate and develop female leaders?

Beth Axelrod: Grassroots actions play an important role. One example from eBay was when the senior women in the company got together and asked, "What do we really care about? Where do we want to make a difference?" It's remarkable how even a small gesture can have a great impact. All we did were very simple things: conducted a few focus groups, had a couple of get-togethers, and really talked about the issues. But saying that we, the senior women in the company, are thinking about this and are committed to helping women build lasting careers here has made a strong statement. Communicating our commitment to the success of other women in the company reinforces their emotional attachment to the company and the belief that eBay is a great place to work. They see we are investing in them because we want to, not because we have to.

The *Quarterly*: How helpful do you find it in a corporate setting to approach the topic of hiring and retaining women from the perspective that women are different?

Beth Axelrod: I do think it's helpful to discuss gender differences and their implications. To the extent that people perceive these differences, if they then see that the differences are acknowledged, they will be more likely to perceive the hiring and promotion processes as fair. And the perception of fairness is particularly important for people processes, which by their very nature are subjective and require leaders to exercise judgment.

I also think there's value in talking about it, because talking helps people to process their own experiences. For example, we've just been through an employee relations issue between a woman and a man. The man was in the managerial role. It started as a brouhaha with neither side able to see the other's perspective. But, because of the dialogue that took place, it ended with the woman—who had raised the complaint—coming away with a very different understanding of what had happened and the manager learning the value of good communication. The woman initially felt undermined because her manager questioned a decision she had made. After they spoke, she came to understand that recent changes to the product road map that affected the decision had not yet been communicated to her. Her manager learned that overriding a decision without providing context can leave a team

member feeling devalued. I believe talking about issues, especially those that might seem uncomfortable or awkward, builds trust in the organization. And trust and open communication are at the core of great employee engagement.

The *Quarterly*: You've mentioned several times the importance of employees having an emotional connection to the company. How do you foster that at eBay?

Beth Axelrod: There are a number of ways—I'll mention a few. We have the good fortune of having what I consider to be an inspiring purpose at this company: around the world, we are pioneering new communities built on commerce, sustained by trust, and inspired by opportunity. And in some big or small way for everyone here, that purpose gives meaning to their work. So we're tapping into that sense of meaning and purpose that one frequently finds at a not-for-profit, but within our for-profit environment. Over 1.3 million people make some or all their living on eBay. That's something to be proud of.

We're figuring out how to build great careers for men and women with that philosophy as our backdrop. One way we do this is by being clear about the kind of people we want at eBay—people who care about this sense of purpose and who have a sense of humanity. Those are people we wish to continue to attract and retain.

We also invest in building a personal connection with each of our people. Relationships really do matter—relationships between individual and manager, team members and people across the company. We can't ignore the basic human need that people want to be cared for as people not just as employees. So we have to remember our humanity every day when we walk into work.

In terms of *how* people are successful at eBay, it's a little different. We care a lot about the results; you cannot be successful without them. But results are not enough. We also care a lot about how those results are achieved: there is no doubt that people who get the results in anything but a good way won't be successful here. And our people take pride in knowing that.

The *Quarterly*: How important is it for people to feel free to talk about and act on gender-related issues, such as emotional connection to the workplace, or the purpose of work beyond financial performance?

Beth Axelrod: "Permission" is a really important word in this connection. So many decisions people make are based on their sense of what they do and don't have permission to do. For example, when we started our work around the women's network here at eBay, I took a look at our policies on flexible work arrangements. And our policies are actually pretty good. Obviously they apply to men too. Yet, the number of people, men and women, taking advantage of them is far less than one

would expect for a company as contemporary as ours. The perception was—and to some extent, still is—that it's not okay to avail oneself of those flexibilities.

People follow the cultural norms and what they believe the leadership wants. And cultural norms and the informal aspects of organization trump policy every single day.

I think the perception of permission is actually a very subtle and important influencer in the progress that companies make in this whole area. It is critical for senior leaders to legitimize having these conversations.

One example at eBay that has made a real impact is our week-long leadership program. Between 25 and 30 people go through at a time. By now, about 600 of our top 800 leaders have participated. It's a very self-reflective experience. We don't solve any business problems there and we don't teach new analytical skills—eBay has great problem solvers. Instead, we create space throughout the week to explore who you are as a leader and how you have an impact on others. We encourage conversation on any topic people wish to explore. These conversations occur in many settings—large groups, small groups, one-to-ones, and even focused sessions with the CEO. No topic is off-limits, and I'm amazed at how candid, revealing, and meaningful the conversations get.

The program signals in both a real and a symbolic way that to be a successful leader at a great company, you have to be connected to your own humanity and leadership and connect with your people in that same way. And that requires that you be willing to have conversations not only about how people are executing against their business objectives but also about them as individuals—what creates their career happiness and their career successes. Our leaders come to realize that it's a great privilege and responsibility to manage people and have an impact on their career. That kind of impact actually transcends the workplace.

The *Quarterly*: Back to the question of first principles as they apply to HR overall. As the war for talent has evolved over the last 10 or 15 years, have you seen organizations that start with first principles—and so have a high level of investment in people and talent—but later lose focus?

Beth Axelrod: I recently got into conversation with an executive at another company who was taken aback that I had moved from consulting to HR. I knew her perspective was "Why would you ever go into HR?" which I get all the time. We got to talking a little bit about what I believe HR ought to be doing. While I do think that the business world now understands intellectually the role that HR should be able to play in driving business results, so few companies are leveraging the HR function as they should. She told me, "You know, my HR person explains my benefits to me and

tells me what the processes are." I said to her, "If you had a great HR partner, here's how the conversation would go: You're trying to drive ad sales from *X* to *Y*. You need growth to come in these particular areas. And for the growth to come in these areas, let's talk about the implications for talent and for the organization. Then, let's talk about what capabilities you have today—where you're good and not so good. So, we'll have to fill out those capabilities. In addition, you'll need a different cost structure because your margins are going to start to be squeezed. Let's talk about where you have people and why you've got so many of them in high-cost locations." She looked at me and didn't say anything at first. Then she said, "Well, I've never had a conversation like that with an HR person." It just breaks my heart that the HR function hasn't changed that yet.

Despite years of conversation, I don't think the HR function has done a good job of attracting enough business-minded professionals into HR. And until we do that, until we make HR a desirable career, or at least a valuable segment in the journey of one's career—one that has real business impact—we won't raise the caliber of talent in the function. And until we do that, HR will not have the impact that it ought to have. I also think we have a little bit of a chicken-and-egg problem when it comes to HR. Because there are many people in leadership-operating roles who have never worked with a good HR executive, they don't understand that what they're getting is not good enough. And so they don't demand better.

About the Authors

John McPherson is a director in McKinsey's Dallas office, and **Lenny Mendonca** is a director in the San Francisco office

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