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A Misdiagnosis: The Finance Sector Talent Drain of Women

Are We Asking the Wrong Question?

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As Canada's largest network of women, allies, and leading finance sector organizations committed to advancing women in finance, we are regularly asked the same question: **what is the real reason women are leaving careers in this industry?** The 'leaky pipeline' has tangible, long-lasting consequences, but we are likely looking in the wrong places for causes and solutions.

> ***Why are women really leaving careers in the finance sector?***

> Women are not 'opting out' of their careers because they lack ambition or interest in senior leadership. Operating conditions to stay are not consistently in place.

The finance industry has historically misdiagnosed this drop-off, framing the talent drain as a result of individual ambition or lifestyle choices. To address this issue, we must dismantle the narrative that women are “choosing to step away”. Women are not “opting out” of their careers because they lack ambition or interest in senior leadership; they are leaving because the operating conditions required to stay are not consistently in place.[1,2] When we trace the causal chain, a clear pattern emerges: women enter the Canadian finance sector at equal rates to men[2,3] but shoulder a highly disproportionate share of caregiving, while traditional career systems reward continuous visibility, uninterrupted availability, and linear career progression. These assumptions unintentionally convert predictable caregiving responsibilities into career penalties. Promotion opportunities are missed, stretch assignments are reassigned, performance becomes inferred from physical presence rather than sustained output, and career momentum slows. Over time, talented professionals who once appeared to be on a clear leadership trajectory gradually disengage or leave, not because ambition has diminished, but because the system no longer accommodates the realities of their lives.

> **Parental Leave Negatively Impacted Career**
>
> **41%** of women report that taking parental leave had a negative impact on their career.

Caregiving is one of the largest drivers of women exiting the workforce today,[4] and the finance sector is not immune. In fact, 41% of women report that taking parental leave had a negative impact on their career.[1] On a going basis, women are further impacted by the reality that they spend the equivalent of a full workday more than men on unpaid care per week, often during their peak earning years.[5] Women are also more likely than men to be sandwich caregivers, caring for both growing and aging loved ones.[6] Although most continue to perform at a high level while balancing these responsibilities, periods of intensified caregiving can create temporary constraints that traditional career systems often fail to accommodate.[6] Because this dual-pressure peaks during prime advancement years, high-performance sectors like finance face a structural drain of talent at precisely the moment these professionals reach the peak of their institutional knowledge. Promotion delays due to the 'motherhood penalty', and the 'daughterhood penalty', occur at the exact time women should be contending for senior leadership positions, placing their careers on a fundamentally different track from their peers.[7,8,9,10]

> **Unpaid Caregiving Work**
>
> **+1 Workday**
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> Women spend the equivalent of a full workday more than men on unpaid care per week, during peak earning years.

Treating this predictable human lifecycle as an operational anomaly is a costly misdiagnosis. **Everyone will eventually provide or require care, yet many organizations continue to manage caregiving as though it were an exception rather than an expected feature of working life.** The result is significant and carries measurable organizational cost: lost productivity, unplanned absences, disrupted teams, accelerated talent turnover, and the erosion of institutional knowledge built over years of experience.[11,12,13] Gallup estimates that replacing a single employee can cost as much as twice their annual salary, even before accounting for the loss of client relationships, organizational continuity, and leadership capacity.[14] By designing systems that anticipate rather than react to caregiving, organizations mitigate these costs while strengthening productivity, retention, and the long-term return on their investment in people. Caregiving is not the disruption. The disruption comes from talent systems that continue to treat it as one.

If caregiving is a predictable feature of modern careers rather than an exception to them, organizations must stop treating it primarily as an accommodation issue and begin proactively designing talent systems for the realities of modern careers. That shift, from reacting to individual circumstances to organizational design, is what preserves talent over the long term. Once we correct this diagnosis, the implication becomes clear: care literacy and structured flexibility are not soft employee benefits; they are critical business capabilities required to protect organizational productivity and retention. However, these capabilities can only succeed if we actively normalize caregiving across all genders, shifting care from a sidelined women's issue into a shared professional reality that preserves talent at every level.

Solutions: Beyond the Policies

> *In many organizations, the consequences of this misdiagnosis are subtle rather than intentional. Managers improvise when caregiving issues arise. Flexibility requests become individual negotiations rather than consistent practice. Reintegration after leave depends largely on the discretion of a particular manager. Promotion timelines assume uninterrupted careers, while physical visibility continues to influence perceptions of commitment and leadership potential. None of these practices is designed to disadvantage women, yet together they produce exactly that outcome.*

The following are practical approaches to addressing these root issues:

1. Building Leadership Care Literacy

Successful care literacy models shift the burden from the employee asking for a “favour” to the institution offering a system with consistent practices. Employees are more likely to stay with employers that model transparent, supportive caregiving leadership.[15] Teams with care-literate managers experience increased productivity alongside reduced burnout, absenteeism, and turnover.[12,13,14]

Managers often want to be helpful but do not know how, or they default to reactive, case-by-case fixes that cannot scale. Equipping managers with the care literacy to have standard check-ins acknowledges an employee's full lifecycle, ensuring caregiving is factored into career planning rather than treated as a temporary disruption.[16] Instead of reacting to a parental leave or a flexibility request as an operational disruption, a care-literate manager is coached to view that period as a strategic cross-training opportunity for the wider team.

To embed care literacy as an operational capability, organizations should:

- **Establish standardized lifecycle check-ins:** Shift away from waiting until an employee needs to bring up a crisis or concern. Integrate quarterly or bi-annual check-ins focused on long-term career planning and where upcoming caregiving needs are anticipated without career penalty.[16,17]
- **Deploy manager scenario coaching:** Provide managers with playbooks and scenario-based coaching (e.g., handling sudden eldercare needs or designing parental leave off-and on-ramp plans). This includes decision trees and gap-analysis templates, eliminating 'manager discretion', to provide consistent and equitable support.[18,19]
- **Reframe caregiving as a core talent strategy:** Shift culture so caregiving is viewed as a predictable lifecycle stage rather than a career liability. By building formal coverage systems and normalizing leaves, organizations preserve talent pipelines, mitigate turnover, and ensure caregivers remain on track for advancement.[12,15]

> *Care-literate leaders do more than respond empathetically. They reduce unnecessary talent volatility by anticipating predictable life events before they become organizational disruptions. They create continuity plans, preserve institutional knowledge, maintain promotion pipelines, and ensure that caregiving does not become synonymous with diminished potential. In this sense, care literacy is not simply a leadership behaviour. It is an organizational capability that strengthens resilience, productivity, and long-term talent retention.*

2. Practicing Flexibility Beyond Accommodations

> *Many organizations believe they have already addressed caregiving through formal flexibility policies. Yet persistent attrition and stalled advancement suggest that policy alone is insufficient. The issue is not whether flexibility exists. It is whether flexibility is practiced consistently, incorporated into career management, and reflected in how performance and potential are assessed.*

To realize the full retention benefit of a caregiving-aware workplace, flexibility must be embedded as an organizational expectation rather than an inconsistent, individual exception. Flexibility and performance are not mutually exclusive. Client-facing commitments, market timings, and deal deadlines remain non-negotiables; flexibility operates within those parameters, not around them.

Critically, advocating for flexibility does not mean challenging established office presence expectations. The more precise ask is for vertical flexibility: the ability to manage specific, critical time windows, such as a midday medical appointment or an evening caregiving commitment, rather than restructuring the entire Monday-to-Friday framework. This distinction is highly compatible with the return-to-office standards operating across Canadian financial services.

Practical models that embed this structured flexibility at the system level include:

- **Re-imagining coverage models:** Transitioning from single-point-of-contact models to structured dual-coverage, co-coverage desk models, and cross-functional deal teams increases client touchpoints, ensures continuous desk execution during market windows, and eliminates single points of failure.[20,21,22]
- **Core collaboration hours and output-driven evaluation:** Establishing designated daily hours for synchronous team meetings while anchoring performance evaluations strictly to objective deliverables and business outcomes rather than physical presence or 'hours logged'. This operationalizes vertical flexibility, allowing professionals to step away for critical caregiving windows without compromising core team alignment or facing proximity-bias penalties.[23,24]
- **Structured reintegration frameworks:** Implementing defined leave plans and return-to-work processes across all genders. This requires structured 'on-ramps' and 'off-ramps' with clear timelines, individual and managerial milestones, and role-specific KPIs that enable a professional to step away and return without permanent career loss.[25,26,27]

3. Normalizing Caregiving for Everyone

There is a disproportionate care load women carry while navigating their careers. Until that changes, the playing field is not level. Addressing this imbalance requires normalizing caregiving for all employees, particularly by encouraging men to engage in shared care.

When men actively engage in caregiving responsibilities, the positive effects extend directly from the home into the workplace.[28] Professionally, organizations realize measurable returns when men actively share the care footprint, reporting increased employee retention and engagement.[29] Furthermore, actively participating in shared care builds critical professional capabilities; men who engage in caregiving report improved empathy, increased efficiency, and enhanced teamwork skills.[30] Normalizing shared caregiving also directly reduces both the 'motherhood and daughterhood penalties' and the 'fatherhood competence gap', which are systemic limitations that constrain both men and women personally and professionally.[31,32]

To action this thinking, organizations must move beyond policy statements to build operational defaults that normalize caregiving across all genders:

- **Implement non-transferable "use-it-or-lose-it" leave windows:** Shift parental leave from an individual opt-in request into an expected operational standard. Research demonstrates that reserving dedicated, non-transferable leave blocks significantly accelerates uptake among men, disrupting traditional gender norms around leave-taking.[33,34]
- **Institute executive sponsorship and visible role modeling from men:** Pair routine manager check-ins and executive sponsorship programs where senior leaders who are men actively role model and discuss their shared caregiving experiences. Visible leadership participation begins to erode quiet fears of career penalties, signaling across the organization that utilizing flexible work or taking leave is compatible with senior advancement.[16]
- **Deploy organization-wide eldercare navigation toolkits:** Providing organization-wide eldercare toolkits, practical navigation guides, and emergency care frameworks equips employees of all genders to manage complex adult caregiving responsibilities while maintaining their career trajectories.[16,18,35]

When men engage in caregiving alongside women, it dismantles the stereotypes that link caregiving disproportionately to women, removing the implicit signals about commitment and potential that stall women's careers. It supports a highly productive, modern workforce where all professionals can participate fully in both work and care.[36]

> *Normalizing caregiving as a shared professional reality ensures these life events are anticipated and navigated, without career penalty.*

Summary: A Vision Forward

The finance sector has been asking why women leave. The more accurate and actionable question is whether our operating model is designed for the realities of modern careers. Currently, it is not, but this is a solvable problem.

Organizations that move beyond reactive accommodations and instead design talent systems around the realities of modern careers are better positioned to sustain ambition and retain senior talent. Structured flexibility and manager care literacy are the operational levers that make this possible, but they cannot succeed in isolation. They must be accompanied by a broader commitment to normalizing caregiving for everyone, regardless of gender. Without that cultural shift, flexibility will continue to be perceived as a women's accommodation rather than as a modern leadership practice, reinforcing the very career penalties it is intended to eliminate.

Ultimately, this is about more than caregiving. It is about building a leadership model that reflects the realities of modern life and equips organizations to retain the talent they have worked so hard to develop.

> ***The question is no longer why talented women leave. It is whether the finance sector is prepared to redesign its talent systems so they can stay.***

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