Fixing the dearth of women in M&A

Diane Frankle, a partner in the Silicon Valley office of Kaye Scholer LLP, concentrates her practice on M&A and corporate governance.

A wide gender gap persists in law firm M&A practices, despite substantial female enrollment in the law schools that supply associates. There is consistently higher representation of women both in corporate practices and in law firms generally than in M&A practices, from entering attorneys through senior partners. Moreover, only a fraction of the women who start out in M&A practices advance to equity partner roles in the field.

Both anecdotal evidence and the results of our own survey research (described below) suggest how and when this gap emerges, as well as some possible ways to close it.

The dearth of women in M&A jobs is at first glance not so surprising given the under-representation of women in top law firm positions generally. Indeed, only 10 percent of AmLaw 100 firms have a female managing partner, or chair, and only four percent of the nation’s top 200 law firms have female firm-wide managing partners. But the even larger gender disparity within M&A practice by comparison makes it particularly striking.

To get a handle on female M&A practice representation and put it in a broad context, we sought to understand the prevalence of women in different roles and practice areas by conducting a survey of more than 17,500 lawyers at more than 25 firms nationwide.

Our survey findings show the onset of an M&A gender gap even as women enter the law firms. Though women are well represented in the associate ranks early on, their representation in M&A practice significantly lags other areas of practice. Female representation continues to wane as tenure increases.

Women hold 48 percent of first- and second-year associate positions at surveyed firms, but the numbers decline thereafter and most women don’t achieve equity partner roles. Women go from comprising 48 percent of first and second year associates to only 18 percent of senior equity partners (five or more years as a partner). During that same period, women lawyers in corporate practice positions decline from 43 percent to 16 percent of senior equity partners. However, women represent only 40 percent of attorneys in first and second year M&A practice positions, declining to only 15 percent of M&A senior equity partners. Thus, although rates of attrition of women in M&A appear roughly to match those in other fields, their significantly lower rates of entry into M&A practice means that they never catch up.
To gain some greater perspective on the low entry rate of women into M&A, it makes some sense to consider trends within law schools. Women are well represented overall in the 12 top law schools, which tend to produce the most M&A attorneys. In 2013, for example, female enrollment within these student bodies averaged around 45 percent at these top schools: Berkeley, Chicago, Columbia, Duke, Harvard, Michigan, Northwestern, NYU, Penn, Stanford, Virginia and Yale. (In recent years, female enrollment across all ABA-accredited law schools has been similar, at around 47 percent.) Thus, while female enrollment rates in law schools run slightly below U.S. population averages, this modest shortfall cannot fully explain the gender gap in M&A.

To drill a little deeper, we sought clues about the level of interest in the discipline among women at the M&A feeder schools, using enrollment figures in advanced, M&A-related elective courses. We obtained relatively reliable data from six of the above schools. The data from all six show consistently low female enrollment in M&A-related courses relative to school-wide enrollment averages. The average disparity between the percentage of women in the student population (46 percent) and female enrollment in M&A-related courses (37 percent) is significant. Thus, there are indications that women’s disinclination toward (or discouragement from) M&A practice may begin when they’re still in law school. The reasons behind this early attrition deserve further study via surveys of law firms, and women lawyers and law students.

Nevertheless, there is abundant anecdotal evidence suggesting some reasons for disinclination and attrition. Women may avoid an M&A practice due to their perceptions (possibly misplaced) about the nature of the practice. For example, women may be less inclined to be the drivers of the discipline not that it necessarily require longer hours than other practice areas, and that work-life balance is even less sustainable. Women may be concerned about possible gender bias in the area by prospective clients or referral sources. Women may perceive a dearth of effective professional networks for female M&A professionals. There may be a lack of tailored educational and motivational programs sponsored by firms. Although we readily concede that M&A practice may not be for everyone, if female students and new attorneys are opting out of M&A because of mistaken or distorted perceptions, it is bad for the attorneys, bad for clients, and bad for the profession. Women often have key skills that are critical to dealmaking, including relationship-building, collaboration, and an ability to build consensus. Moreover, dealmaking can be exciting, and we should be encouraging more young women to try their hands at it.

Addressing the issues presented above would go a long way toward generating more interest in M&A among female law students and, once they enter the field, removing obstacles to their advancement. Consider these constructive steps:

- Law schools could invite women lawyers to speak on the discipline’s lifestyle, addressing any perceptions female students may have about either longer work hours or the need for extensive travel.

- Because there tend to be fewer women undergraduates in finance-related majors, women may be less exposed to business and finance terms going into law school. Law professors can help demystify business language by introducing it incrementally - explained in plain English - in the classroom.

- Law firms could sponsor continuing education in accounting and finance, providing tuition reimbursement and hosting in-house education sessions led by experts from investment banks, accounting firms and universities.

- Law firms could encourage clients to work with their female professionals, and obtain meaningful diversity commitments from clients and staff engagement teams accordingly.

- Firm managers could foster a greater awareness of potential unconscious gender bias in their firms and obtain buy-in on the goals of identifying and eliminating it.

- Managers and leading women M&A attorneys could initiate marketing and business development events for women conducive to relationship building.

- M&A practices could identify high-potential women and provide them with more leadership and client development opportunities.

- Firms could also provide executive coaching services and establish more tailored mentoring programs for female M&A associates.

By working together on these and other creative remedies, the legal M&A community would be able to interest more young women in M&A and increase their chances of long-term success.
Despite quiet opposition, penalty-reducing ballot initiative gaining traction

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Diane Frankle, a partner in the Silicon Valley office of Kaye Scholer LLP, concentrates her practice on M&A and corporate governance. Jennifer Muller is a managing director at Houlihan Lokey, where she co-heads the firm’s fairness and solvency opinion practice. Eric Talley is a law professor and Rosalinde and Arthur Gilbert Foundation Chair in Law, Business and the Economy at the UC Berkeley School of Law.

Corporate Counsel
Kamin Kamali
Chief Legal Counsel for Amidi Group of Companies
Redwood City

Government

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